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GENERAL

CIR Journal Views U.S.-USSR Disarmament Talks

40050111b Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
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[Article by Wang Ling [3769 3781]: "INF Treaty Might Weaken Strategic Link Between the United States And Western Europe"]

[Text] The United States and Soviet Union recently reached an agreement of principle on the elimination of intermediate- and short-range guided missiles and scheduled a third meeting between Reagan and Gorbachev in December. This is a major event both in U.S.-Soviet relations this year and in the annals of nuclear disarmament talks between the two nations over the past 2 decades and more. Once the agreement is signed and goes into effect, an entire category of nuclear weapons with a range between 500 and 5,000 kilometers will be totally eliminated. And while this category of weapons constitutes only 3 or 4 percent of the Soviet and U.S. nuclear arsenals, their elimination has political significance that cannot be ignored. Not only will the INF [intermediate-range nuclear forces] treaty be the first nuclear arms reduction agreement between the United States and the Soviet Union after the war, but it will also create a positive climate for arms control talks overall. The conclusion of an INF treaty also suggests that the trend toward relaxation in U.S.-Soviet and East-West relations is gaining momentum.

1. The conclusion of the "double zero" agreement is in the interests of both parties, but the Soviet Union will be the bigger beneficiary.

Responding to internal and external needs, Gorbachev took a flexible attitude toward arms reduction talks and gradually brought an agreement within reach. Reagan's prompt acceptance of the Soviet proposal and his assiduous effort to persuade the West to fall in line shows that the "double zero" plan satisfies mutual needs.

First of all, eliminating intermediate-range guided missiles neither affects the military balance between the two nations nor involves their vital strategic interests. After the focus of their arms race shifted to space weapons, the strategic significance of intermediate-range missiles has diminished substantially for both the U.S. and Soviet Union. Moreover, with both superpowers awash in a surfeit of nuclear weapons, intermediate-range nuclear weapons can be replaced by other nuclear weapon systems. For instance, the United States may threaten the western part of the Soviet Union and Eastern Europe with sea-launched cruise missiles and heavy bombers, while the Soviet Union may hit important targets in

Western Europe with submarine-launched guided missiles and tactical nuclear weapons deployed at the front. Thus dismantling intermediate-range missiles will have no effect on the U.S.-Soviet military balance.

Moreover, eliminating intermediate-range guided missiles will help enhance the security of U.S. and Soviet territory. To seize a nuclear edge in Europe in the late 1970's, the Soviet Union deployed SS-20 missiles, which prompted the United States to deploy Pershing II missiles and ground-based cruise missiles in late 1983. With a margin of error less than 30 meters, Pershing II missiles outclass SS-20 missiles in speed, precision, and ability to attack hard targets. It takes only 6 to 7 minutes for a Pershing II launched in the Federal Republic of Germany [FRG] to hit Moscow. There are three types of warhead explosions, depending on needs—aerial, surface, and post-impact explosion. Thus Pershing II missiles are very powerful when it comes to hitting Soviet intercontinental-missile launching silos and destroying military headquarters and other underground targets. The deployment of Pershing II missiles not only neutralized the threat posed by Soviet intermediate-range missiles, but also strengthened the U.S.-Europe strategic connection. This situation convinced the Soviet Union that the deployment of SS-20 missiles had done "more harm than good." For the Soviet Union, an INF treaty will provide an opportunity to get rid of all Pershing II guided missiles and thereby remove a "major danger." As for the United States, the deployment of Pershing II missiles where the two major blocs confront each other is tantamount to putting itself at the forefront of Western European defense. In case of a crisis, the United States will be faced with a difficult choice: submit or resort to strategic nuclear weapons to fight a tough nuclear war. This scenario is inconsistent with America's longstanding effort to avoid being drawn into a nuclear conflict in other regions. After weighing the pros and cons, the United States also agreed to unburden itself of intermediate-range guided missiles through negotiations.

Furthermore, both sides want to woo international opinion and improve their position. Disarmament and detente are popular with the people of the world. If the two countries succeed in hammering out an agreement totally eliminating intermediate-range forces in Europe and Asia, that will no doubt be well received by world opinion and lighten a heavy military burden. To carry out its new policy at home, the Soviet Union has tried very hard to avoid losing in a new round of the arms race centered on new technology. Gorbachev earnestly hopes to achieve reasonable arms reductions in order to improve relations with the United States and consolidate his position at home. President Reagan too wants a foreign policy achievement in the last days of his administration so as to extricate himself from the "Irangate" quagmire. That would help him secure his place in history and pay political dividends for the Republican Party in the election next year.

On the surface, the Soviet Union seems to have made bigger military concessions. In reality, it retreats in order

to advance. At a minimum, the Soviet Union stands to benefit politically from an INF treaty in the following ways: 1) After intermediate-range guided missiles are eliminated, a link will be missing between U.S. and Western European strategic nuclear weapons, thus weakening NATO's "flexible response" strategy and magnifying the Soviet edge in conventional weapons. 2) The eroding of the nuclear connection between the United States and Europe will help Moscow divide the Western alliance. 3) It will help the Soviet Union further its peace offensive, blunt the momentum of U.S. military buildup, and slow down SDI [Strategic Defense Initiative] development. 4) It will improve the Soviet Union's image, consolidate Gorbachev's domestic position, and pave the way for the realization of his objectives.

2. The debate over SDI will be at the heart of the U.S.-Soviet disarmament struggle in the future. Since 12 March 1985 when the United States and the Soviet Union reopened arms control talks in Geneva, the Soviet Union has put forward almost 30 proposals regarding disarmament, peace and security. The United States too has responded with many counter-proposals. Every confrontation invariably had to do with SDI, directly or otherwise. When Reagan and Gorbachev met during their two summits, their talks also revolved around SDI. The United States pushes ahead with SDI in order to be at the forefront of high technology. The Soviet Union fully realizes that the most severe challenge facing it is the accelerated development of U.S. space technology. Besides marshalling international opinion, including public opinion in the United States, to oppose SDI research and testing, the Soviet Union has taken the following major measures: 1) Combining "frontal attack with outflanking at the side." In a little over 2 years, the Soviet Union reversed itself four times over whether to link an INF treaty to SDI. When the talks first resumed, the Soviet Union insisted on linking the three sets of negotiations—INF, space weapons, and strategic nuclear weapons—and called for a "package deal." During his visit to France in late 1985, Gorbachev for the first time indicated his willingness to reach a separate INF accord. But at the U.S.-Soviet summit in Iceland in late 1986, the Soviet Union again suddenly made the conclusion of an INF treaty conditional on resolving the space weapons issue, thereby reestablishing a linkage between INF and SDI which had been severed earlier. This position prevailed until last February when Gorbachev announced once more that the INF issue would be dealt with separately. The Soviet Union changed its mind four times over whether to link SDI to an INF treaty, but the motive has always been the same: to stop the United States from developing SDI. To link INF to SDI was to put pressure on the United States and raise the price so high that hopefully the United States would be willing to give up SDI. But faced with the apparent failure of the "package deal" approach, the Soviet Union decided to try a different tack by agreeing to negotiate an INF treaty separately in order to produce an arms control agreement soon to improve the atmosphere. The idea was to use indirect tactics to stall and disrupt America's SDI

program by exploiting differences between the United States and its allies, with an eye toward persuading the U.S. Congress to cut SDI funding, in particular. 2) Encircle and obstruct. Desperate to stop or delay the SDI program, the Soviet Union has tried one thing after another. Last May, Reagan declared the U.S. would no longer abide by the SALT [Strategic Arms Limitation] II Treaty. Shortly afterward there were reports that the U.S. would give the ABM [anti-ballistic missile] Treaty a broad interpretation. Clearly the United States wanted to rid itself of some unfavorable "rules of the game" and have a free hand in developing space weapons. In response, the Soviet Union mounted a political offensive, on the one hand, encouraging Western Europe and the American public to influence the Reagan administration. On the other, it unveiled a new disarmament proposal: provided the United States does not abrogate the treaty within at least 15 years, the Soviet Union would be willing to sign an agreement reducing strategic nuclear weapons and do everything it can to maintain the existing "rules of the game."

3. As the U.S.-Soviet disarmament struggle intensifies, the conflict between the United States and Europe on security strategy deepens.

At stake in U.S.-Soviet disarmament talks is Western European security. Once U.S. intermediate-range nuclear weapons are completely removed from Western Europe, NATO's "flexible response" strategy will lose its middle link, with a serious decline in effectiveness. Western Europe's security and survival will then be even more dependent on the United States and the strategic conflict between the United States and Western Europe will worsen. The conflict manifests itself mainly in the two related issues of NATO's [North Atlantic Treaty Organization] "nuclear deterrence" strategy and the linking of U.S. and Western European defenses.

A. NATO's "nuclear deterrence" strategy. The principal difference between the United States and Western Europe here is this: While the United States is in the process of revising its nuclear deterrence strategy and reducing the role of nuclear weapons, Western Europe is doing its best to preserve and adhere to this strategy. SDI marks a major shift in U.S. strategic military thinking, from the old deterrence strategy of relying on offensive nuclear weapons alone to a new strategy combining nuclear and non-nuclear offensive and defensive weapons, the ultimate goal being the replacement of nuclear weapons with non-nuclear ones. For a long time to come, of course, nuclear weapons will remain the bulwark of Western defense. But judging from a series of speeches by Reagan and others and the cuts that will soon be agreed upon in arms control talks, the nuclear deterrence strategy is being modified. To most Western European nations, however, "nuclear deterrence is the only means available to them to effectively prevent a war." "It is absolutely essential to ensuring Western European security." The importance of maintaining the nuclear deterrence strategy was reiterated at successive EEC [European Economic Community] summit meetings and

WEU [Western European Union] gatherings. The "Charter of Principles on Western European Security," currently under preparation, also makes "adhering to the nuclear deterrence strategy" its first article. Former West German Chancellor Schmidt said, "If we do not want to choose between 'Finlandization' and waging a nuclear war, then we must stick to the nuclear deterrence policy." British Prime Minister Thatcher said, "While we don't like nuclear weapons, we must rely on them for our defense. History proves that the nuclear deterrence strategy has indeed preserved peace in Europe for 40 years." It is thus clear that clinging to or changing the traditional nuclear deterrence strategy lies at the heart of what divides the United States and Western Europe as far as defense strategy is concerned.

B. Strategic linking of the U.S. and Europe. The so-called strategic linking of the United States and Europe means the United States protecting its Western European allies with its nuclear umbrella to deter a possible Soviet attack and keep invaders at bay. In this sense, U.S. nuclear weapons constitute the strategic link in the Atlantic alliance. Central to this kind of strategic linking is an emphasis on the shared destiny and inseparability of U.S. and Western European security. U.S.-European strategic linking has been strengthened since late 1983 when the United States began deploying intermediate-range missiles in West Germany, Britain, Italy, and other nations. Unlike strategic nuclear weapons deployed by the United States in Europe earlier, these missiles can hit Soviet territory. Moreover, with its "single key" system, the U.S. assumes most of the nuclear risks. Only then did Western European security become genuinely linked to the security of U.S. territory itself. The deployment demonstrated the determination of the United States and Europe to take the nuclear risk jointly.

Today, however, with the breakthrough in INF talks, U.S.-Europe strategic linking has come under intense pressure at three points: 1) Once the "double zero" option becomes reality, Western Europe would become vulnerable to Soviet superiority in conventional weapons. Thus once again the strategic balance in Europe would be shifted to the disadvantage of the Western Europeans. Worse, the strategic link between the United States and Western Europe may unravel as a result of the removal of intermediate-range guided missiles. 2) Once a breach is made in the defense of Western Europe, it may unleash a series of chain effects more than what the Western European nations can take. With both the United States and the Soviet Union competing in terms of overall national strength in the future, the intensity of military confrontation in Europe may diminish. After intermediate-range and short-range guided missiles are eliminated, U.S. guided missile units would no longer have a reason to stay in Europe. According to the analysis of ex-NATO supreme allied commander Rogers, America will definitely reduce its 320,000-men contingent in Europe within 10 years, perhaps to save money, perhaps out of dissatisfaction with Europe's half-hearted effort to beef up defense, perhaps the troops are needed

elsewhere. If this comes to pass, it would mean a scaling-back of two of the three pivotal guarantees of U.S.-European strategic linkage: U.S. nuclear weapons and troops deployed or stationed in Europe. That would leave only American strategic nuclear weapons. 3) In the long haul, what worries Western Europe most is that the implementation of SDI may destroy NATO's "nuclear deterrence" strategy and America's nuclear umbrella. A "nuclear shield" in Soviet hands will render "American and French nuclear forces ineffective," while America's "nuclear shield" cannot protect Western Europe. Should that happen, "different security zones" will appear within NATO, with the U.S. mainland enjoying a much higher degree of security than the continent of Europe. Under those circumstances, U.S.-Europe strategic "decoupling" will become a fact.

4. Now that disarmament has come to dominate the U.S.-Soviet dialogue and rivalry, it will have a far-reaching impact on the international situation.

Since Gorbachev came into power in March 1985, disarmament has become sharply more important in U.S.-Soviet relations. Over the last 2 years and more, the United States and Soviet Union have been sparring diplomatically over disarmament matters with much more intensity than over any other issue, with numerous proposals and counter-proposals being bandied about. Now the dominant issue in U.S.-Soviet dialogue and rivalry, disarmament today has a number of new features unknown in the late 1970's and early 1980's. First, the significance of the quantity of armaments has diminished, opening the way for cuts in nuclear weapons. As far as nuclear armaments are concerned, it is now a case of "leveling down" instead of "leveling up." Second, in the past an arms control agreement was supposed to "check one's opponent while strengthening oneself." Now gradually a country expects an arms control agreement to "restrain oneself up to a point as well as checking one's opponent." For instance, on-site inspections and supervision have become acceptable. Third, the arms race has become a qualitative race characterized by high technology. It is high technology that will be used in making offensive strategic nuclear weapons, space weapons with both defensive and offensive capabilities, and a new generation of conventional weapons, including military command, control, and communications systems.

That the disarmament competition should take on this new look is no accident, given the profound effects of the exploding new technological revolution, whose hallmark is communications technology and bioengineering, on the balance of military, political, and economic power between the U.S. and Soviet Union. Nowadays the United States and, in particular, the Soviet Union, are torn between engaging in the arms race and developing their economies. To cut military spending, develop their economies, and enhance their overall national strength, the two countries are now attaching less weight to the quantity of their hardware. Under these circumstances,

it has become possible to cut back on certain nuclear weapons systems that neither affect their military prowess nor interfere with a new armaments race.

The future of U.S.-Soviet disarmament talks will have a far-reaching impact on the international situation. Since disarmament has become a significant part of the U.S.-Soviet rivalry and since the two countries jockey for position even as they negotiate, their ferocious competition will inevitably hobble the arms control talks. Any setbacks or successes in the negotiations are bound to directly affect bilateral relations and therefore the entire international situation. Moreover, as U.S.-Soviet negotiations gain ground, their differences with their respective allies would deepen. After the U.S.-Soviet summit meeting in Iceland, in particular, where the United States and Soviet Union not only endorsed the INF "zero option," but also agreed to totally destroy their ballistic missiles in two stages within 10 years, Western Europe has become markedly more independent and distrustful of the United States. To the Western Europeans, balance of power is the cornerstone of security. To get rid of nuclear weapons without linking their destruction to Soviet superiority in conventional and chemical weapons, they reason, will upset the strategic balance in Europe and have disastrous consequences for Western European security. This prospect set the Britons, French, and West Germans to working out countermeasures and rein in the United States. They insisted that U.S.-Soviet disarmament must not destroy the balance of power in Europe, that nuclear deterrence must not be eliminated, and that U.S. nuclear protection for Western Europe must not be weakened. The Soviet Union lost no time in trying to drive a wedge between the United States and Western Europe by exploiting their differences. On the other hand, Gorbachev's advocacy of "European denuclearization" is bound to make the Western Europeans keep up their guard. The differences between the Soviet Union and Eastern Europe over disarmament issues are less apparent, but clearly dissensions exist. As a result, the disarmament struggle between the United States and the Soviet Union will lead to a string of other international issues, including those affecting the relationships among major Western European nations.

The conclusion of an agreement of principle on INF no doubt has eased U.S.-Soviet relations and East-West tension and improved the international situation to a certain extent. Present indications are that U.S.-Soviet disarmament talks would continue after an INF treaty is signed. However, U.S.-Soviet rivalry overall will remain unchanged. An INF treaty is merely a deal between the two countries with little impact on the whole picture. The real test will come when they negotiate deep cuts in strategic nuclear weapons and conventional weapons and try to end the arms race in space. The next problem for the U.S.-Western European alliance is to consider ways of modifying NATO's security strategy and adjusting U.S.-Europe relations.

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Recent Soviet Policy Toward Japan Termed Both Tough, Conciliatory

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[Article by Jia Bei [0502 6296]: "Gorbachev's Japan Policy Stresses Pragmatism"]

[Text] Since he assumed office, Gorbachev has been working hard to improve relations with Japan, which testifies to the important position that country occupies in his strategy. But the course of Soviet-Japanese relations over the past 3 years has not been smooth and there have been setbacks. The Soviet Union is now adjusting its policy toward Japan. In the future, it will continue to be the goal of the Soviet Union to improve relations with Japan. However, the dispute over the northern islands and Soviet military buildup in the western Pacific stand in the way of closer bilateral ties. Both sides would make an effort to avoid an impasse in their relationship.

I

The course of Soviet-Japanese relations in the past 3 years has not been smooth sailing; there have been ups and downs. It falls roughly into three stages:

Stage 1: from Gorbachev's assumption of the general secretaryship of the CPSU Central Committee to the fall of 1986. Characteristic of this stage were a thaw in Soviet-Japanese relations and an eagerness on the part of the Soviet Union. As soon as he took office, Gorbachev adopted a policy toward Japan that was sharply different from that of his predecessors and made a number of positive gestures to mend fences with Japan. Gorbachev first indicated his desire for better relations with Japan to Prime Minister Yasuhiro Nakasone at the funeral of former general secretary Chernenko. In the following year, he sent several letters to Nakasone saying that he looked forward to resolving bilateral and multilateral issues with Tokyo. The Soviet Union took the initiative to send its foreign minister to visit Japan, the first such visit in 10 years. The two sides also reached an arrangement whereby their foreign ministers would meet twice regularly each year for consultations. The Soviet Union revived the Soviet-Japanese science and technology committee and economic committee, which had been suspended for years. It permitted the Japanese people to resume visits to ancestral graves on the Soviet-held islands of Shikotan and Habomai and upgraded the bilateral annual consultation on economic and trade issues. In his Vladivostok speech on 28 July 1986, Gorbachev spoke highly of Japan and expressed a desire for cooperation with Japan in all fields. Soviet-Japanese relations improved in the wake of all these signals from Moscow. A number of economic and trade agreements were signed (eg., an agreement on barter trade and payment between 1986 and 1990, a protocol to avoid double taxation, and a fishery agreement). Trade picked

up and cultural and personnel exchanges became frequent. Bilateral trade soared (increasing 22 percent in 1986 over the preceding year). Negotiations on large-scale joint ventures to develop Siberia, suspended for years, were resumed. In July 1986, in particular, the Soviet Union readily accepted Japan's invitation to Gorbachev to visit that nation. Suddenly Soviet-Japanese relations warmed up and seemed ready to boil over any minute.

Stage 2: from fall 1986 to fall 1987. This stage was characterized by a stiffening in Soviet attitude toward Japan and a chill in bilateral relations. While economic relations and trade continued along with personnel exchanges, the enthusiasm of the earlier period had totally disappeared. Reacting to Japan's decision to discuss participation in SDI research with the United States, the Soviet Foreign Ministry issued a statement on 11 September in which it charged that by participating in SDI, "Japan will objectively open up a new channel whereby the United States can realize its militarist design of turning the Far East and the entire Pacific into a military confrontation zone to an even higher degree" and declared that this "naturally cannot but have a negative effect on Soviet-Japanese relations." A tug-of-war then ensued between the two governments over the timing of Gorbachev's Japan visit. Despite repeated Japanese requests that the trip took place in January 1987, the Soviet Union dragged its feet and failed to come up with a date before finally terminating discussions with Japan in the spring of 1987 to make firm arrangements for the visit. Meanwhile, the Soviet Union stepped up its criticisms of U.S.-Japanese cooperation and militaristic tendencies in Japan. It charged that militaristic forces in Japan were anti-Soviet and were opposed to Soviet-Japanese friendship. It attacked the Japanese government for submitting itself militarily and politically to America's anti-Soviet demands in return for the lifting of economic and trade sanctions against Japan by the U.S. In a meeting with the editor-in-chief of MERDEKA, the Indonesian newspaper, on 21 July, Gorbachev said, "Japan today is under a cloud." Bilateral trade declined in the first half of 1987 compared to the same period a year ago, with Japanese machine tool exports dropping 75 percent. The Yokota Air Force Base incident and the Toshiba affair finally led to the two nations expelling each other's diplomats, the first such expulsions since World War II. The Soviet Union warned Japan it must not let economic success go to its head and ignore its "long-term security interests." The Soviet foreign minister had been scheduled to visit Japan in 1987, but winter came and there was still no word from the Soviet side. Some people dubbed this period the big chill in Soviet-Japanese relations. Others even suggested that Soviet-Japanese relations had regressed to the state before Gorbachev became general secretary.

Stage 3: Since the fall of 1987, signals have once again been coming from the Soviet Union of a desire to improve relations with Japan, which has been cooling off rapidly, but only within appropriate limits. Meeting with

Yasue Katori, the outgoing Japanese ambassador to the Soviet Union, on 7 September, Chairman Gromyko of the Presidium of the Supreme Soviet said that the Soviet Union was ready to develop ties with Japan in all areas. On 22 October, Deputy Foreign Minister Mikhail Nikolaevich Kapitsa told Japanese reporters categorically that General Secretary Gorbachev's trip to Japan would definitely materialize. At a meeting between the two countries' deputy foreign ministers in Tokyo in October, both sides expressed a desire for better relations and reached agreement on a number of general economic matters (e.g., it was decided that the Soviet-Japanese fishery committee and the science and technology cooperation committee should meet at year end and that the Soviet-Japanese economic committee would meet in January next year). Concerning the Soviet foreign minister's proposed visit to Japan, the Soviet delegate, Deputy Foreign Minister Kapitsa merely passed on Eduard Shevardnadze's oral message, namely that he "hoped to meet with his Japanese counterpart in the near future." As for Gorbachev's visit, Kapitsa emphasized that Gorbachev is a pragmatic person, so "full preparations must be made for his trip."

II

Why does Gorbachev work so hard to improve relations with Japan after taking office? Why the ups and downs in Soviet-Japanese relationship? What do changes in Soviet-Japanese relations over the past 3 years tell us?

1. The Soviet Union's assiduous courtship of Japan points to the latter's importance in Gorbachev's strategy. The Soviet Union needs Japan.

Improving relations with Japan is part of the general Soviet diplomatic principle aimed at improving relations with all nations in general and ensuring a favorable international environment so that its strategy of accelerated domestic economic and social development can be realized. That aside, there are other considerations special to Japan.

Let's look at the Soviet military strategy. Despite Gorbachev's assertions that global international relationships amount to more than the U.S.-Soviet relationship, in reality the Soviet Union still tackles its relations with other nations from the basic premise of maintaining global strategic parity with the United States and Japan is vital to the Soviet Union's realization of its strategic objective. To the Soviet Union, Japan plays a key role in America's anti-Soviet strategy. Not only does Japanese territory provide an anti-Soviet beachhead for the United States, but Japanese money also has helped the United States create a new anti-Soviet bloc in the Asian Pacific region, particularly in the northeastern Pacific, causing the Soviet Union to lose ground in its confrontation with the United States in the world, especially Asia and the Pacific. Japan supplies the United States with high technology and high-tech products and cooperates and develops new weapons with the United States.

Such cooperation also furthers Japan's own armaments industry and enhances its military prowess, to the uneasiness of the Soviet Union. Thus Moscow is anxious to drive a wedge between Japan and the United States and check the growing strategic cooperation between them. Not only did previous Soviet leaders' "tough" attitude toward Japan fail to sow discord between Japan and the United States, but it actually prompted Japan to nudge closer to the United States. Consequently, Gorbachev believes an overhaul of Soviet strategy is needed.

Gorbachev's economic development strategy is to put an end to his country's longstanding economic and social stagnation and backwardness so that it can remain a first-class world power in the next century. He considers Japan, already one of the world's most advanced capitalist nations, the most important force that the Soviet Union must rely on for support. In the past 10 years, in particular, Japan has consistently remained the fastest-growing capitalist country and leads the world in a range of critical high-tech areas. Besides, it has replaced the United States as the world's largest creditor nation. At a time when the Soviet Union's international prestige is declining because of economic and political reasons, Japan, backed by its formidable economic strength, is gradually expanding its influence in Asia and the Pacific and throughout the world. To reverse this unfavorable trend, the Soviet Union badly needs Japan's capital and technology to develop its domestic economy (including the development of the Soviet Far East) in order to narrow the ever-widening gap between itself and advanced capitalist nations.

In view of Japan's role in economic cooperation in the Asian Pacific region in the past several years and its close economic ties with many countries in that region, Gorbachev hopes that improvements in Soviet-Japanese relations will have a positive effect on his effort to better relations with other Asian Pacific nations, improve Moscow's position in the region, bring about the creation of a "Pan-Asian conference," and help the Soviet Union ease its way into economic cooperation in Asia and the Pacific and thereby establish its credentials as an Asian Pacific nation. The new Soviet leader works hard to improve relations with Japan also with an eye on possible changes in the political situation in the world in the coming century. He believes that Japan will not only possibly overtake the United States economically, but may also come to rival the United States in political influence, even building its own sphere of influence. Thus the Soviet Union must reconsider its policy toward Japan.

In short, everything—military, economic, and political—forced the Soviet Union to refashion its Japan policy and adopt a new approach to draw closer to Japan. In objective terms, Japan's economic and trade conflicts with the United States and Japan's anxiety to establish its image as a world political power and ease military

pressures from the north by stepping up its dialogue with the Soviet Union also made it possible for Moscow to improve relations with Japan.

2. The ups and downs in Soviet-Japanese relations testify to Soviet dissatisfaction with Japan and show that the Soviet Union's Japan policy is being adjusted.

The first stage of Soviet-Japanese relations was not harmonious despite much enthusiasm to improve relations. The two countries did not see eye to eye on a number of important bilateral and multilateral issues.

As far as bilateral relations are concerned, while the new Soviet leader sent out a series of friendly signals, for instance, allowing Japanese citizens to visit ancestral graves on two northern islands, he made no concessions in the territory dispute between the two countries. The Soviet Union insisted that there was no territorial dispute between them and asserted that it would never allow the post-World War II results to be changed. It tried its best to sidestep the issue of territory while seeking to achieve its two most basic objectives: first, sign a Soviet-Japanese peace treaty declaring an end to the state of war between the two countries, demand the abrogation of the U.S.-Japanese security treaty and the dismantling of U.S. military bases in Japan, and limit the expansion of Japanese military forces. Second, conclude a long-term government-to-government economic cooperation agreement with Japan and establish a stable economic cooperative relationship to insulate Japan's funding and technology assistance from the impact of sudden incidents and make it more effective. Although Japan too is interested in improving relations with the Soviet Union, it refuses to budge on these two issues and insists that the Soviet Union acknowledge the existence of a territorial dispute between them and that the "return of the four northern islands as a whole" be the basis of a peace treaty with the Soviet Union. It insists that "politics and economics cannot be separated" and that "political stability" be the premise of a long-term relationship of economic cooperation. This, Japan says, is its unalterable position with regard to the Soviet Union.

On major international issues, the Soviet Union's expectations of Japan have come to nothing. It had hoped that Japan would help it convene a "Pan-Asian conference," which Japan flatly rejected. When Shevardnadze visited Japan in January 1986, he requested that Japan consider whether or not to participate in SDI research from the perspective of its own "national interests." Nevertheless, in mid-1986 Japan became the first Western nation to decide to open talks with the United States on taking part in SDI research and signed a formal agreement thereon in July the following year.

During Nakasone's third term, the Japanese government decided to boost military spending beyond 1 percent of its GDP, demanded that the Soviet Union withdraw the SS-20 medium-range missiles it had deployed in the Far East, and tightened restrictions on exports to the Soviet

Union in the wake of the Toshiba affair in which Moscow used civilian machine-tools purchased from the Toshiba Machinery Co to improve the capabilities of its navy submarines. In May 1987, the Japanese Ministry of Foreign Affairs refused to let the director general of Japan's Science and Technology Agency, who had direct dealings with state-of-the-art technology, the minister of labor, and the minister of education accept a Soviet invitation to visit that country, the reason being the "unclear intent of the Soviet invitation."

The Soviet attitude toward Japan had stiffened, making clear, on the one hand, its displeasure and disappointment with the Nakasone administration and, on the other, its desire to make use of the 1 year remaining of Nakasone's third term and the upcoming change of cabinet to influence political events inside Japan, thereby setting the stage for a closer Soviet-Japanese relationship in the future. The hardening of Soviet attitude toward Japan probably also reflects a split within the Soviet leadership on how to deal with Tokyo. There were different assessments of Gorbachev's fervent hopes. In his conversation with the editor-in-chief of MERDEKA, the Indonesian newspaper, Gorbachev acknowledged that the Soviet Union was not very sure what to make of the present state of Soviet-Japanese relationship, showing that the Soviet Union's Japan policy was still being readjusted.

III

A new cabinet was installed in Japan recently, with Noboru Takeshita as prime minister. Upon assuming office, Takeshita immediately said that he would make Soviet-Japanese relationship a top priority and that he was hopeful about its prospects. At the same time, however, he declared he would follow Nakasone's diplomatic line and make "the return of the northern territories as a whole" a prerequisite for improving Soviet-Japanese relations. As noted earlier, the Soviet Union has shown an eagerness to mend fences with Japan since the fall of 1987, but its conciliatory posture is combined with a measure of toughness. Meanwhile, the Soviet and U.S. leaders signed the INF Treaty during their summit in Washington in December 1987 and announced that they would continue negotiations to reduce strategic nuclear weapons. Under these circumstances, people again became hopeful about a second thawing in Soviet-Japanese relations and naturally wonder what policy the Soviet Union would take toward Japan in the future and what the prospects of Soviet-Japanese relations will be.

In the final analysis, Soviet policy toward Japan will be determined for some time to come by the nation's strategic needs. Gorbachev's fundamental strategy to accelerate domestic economic and social development and speed up the relaxation of international tension as well as Soviet Union's assessment of Japan's position in the future international economic and political situations all but ensure a special place for Japan in the Soviet strategy and determine that the Soviet Union will take

the initiative to get on better terms with it in order to maximize its political and economic strategic benefits and possibly insulate bilateral relations, particularly their economic relationship, from the influence of external factors.

Gorbachev's dealings with Japan show that to a large extent the development of Soviet-Japanese relations is conditioned by U.S. relations with the Soviet Union and with Japan. The Soviet Union realizes that while differences exist, and are actually growing, between the United States and Japan, which may very well make Japan more independent of Washington, it is cooperation and a basic consensus on the strategy toward the Soviet Union that will prevail in U.S.-Japanese relations for a long time to come. This is because of continued Japanese military and economic reliance on the United States, the flow of capital between the two countries, and a shared desire to strengthen themselves vis-a-vis the Soviet Union. As long as U.S.-Soviet rivalry continues, there is a limit to the extent to which the Soviet Union can exploit U.S.-Japanese differences and improve relations with Japan. It is this awareness which made the Soviet Union adopt a cautious and patient approach and take a long-term view in handling Japan.

Moreover, there are different forecasts inside the Soviet Union of Japan's future domestic political trends and foreign policy. One scenario is that Japan will "turn to the left," that is, its Socialist Party will become so powerful that it would lead to a leftist victory and demand that the country strengthen relations with its Asian neighbors and further its ties with the Soviet Union. Another scenario is that Japan will "turn rightist," that is, the forces of the right-wing and militarism will gain the upper hand and demand that, internally, the arms industry be expanded and regular armed forces be established and, externally, a hostile attitude be adopted toward the Soviet Union. Yet a third scenario would have Japan go the "neutral" road, like Switzerland, instead of the "militaristic road." According to that scenario, Japan would avoid getting directly involved in international military conflicts and refrain from playing an expanding military role. That there are different forecasts shows that an element of uncertainty remains in Moscow's policy toward Japan. The existence of such uncertainty will necessarily mean that the Soviet Union will be even more cautious, flexible, and adaptable in its dealings with Japan.

The biggest stumbling block to better Soviet-Japanese relations remains the northern territory dispute, which, as far as Japan is concerned, is a vital issue affecting national interests. Japan will certainly demand their return. To the Soviet Union, it is much more than an issue in bilateral relations; it is a matter of immense regional and global strategic significance. In military terms, the four northern islands, particularly Etorofu and Kunashiri, have become strategic military passes guarding the movements of the Soviet Pacific fleet through the Pacific passageways, the Nomuro Strait and

Genshi Strait. Thus the Soviet Union is not going to give up the islands lightly and allow Japan to set up defenses there to put a strangle hold on itself. To do so would shift the U.S.-Soviet military confrontation in Asia and the Pacific to the latter's disadvantage. Concessions by Gorbachev on this matter would depend not only on a change in Soviet thinking about nuclear war, but also on a change in its understanding of conventional war and a complete shift in Soviet perception of its role and status in the world. Politically, a move by the Soviet Union to return Japanese territories it has held since the end of World War II would unleash a chain of consequences in other regions that may well go beyond its control. At a recent deputy foreign ministers' meeting, Deputy Foreign Minister Mikhail Kapitsa made it clear to his Japanese counterpart that Japan's insistence on the return of the northern territories as a precondition for improving relations has "absolutely no future." This shows that Gorbachev will not make concessions on this matter. And a failure to solve the territorial issue will inevitably seriously hamper the stable development of bilateral relations.

The Soviet Union's steady military buildup in the western Pacific and occupied Japanese territory also casts a shadow on Soviet-Japanese relations. At the Soviet-Japanese meeting in November, the Japanese representative conveyed to the Soviet side his country's uneasiness at the sharp increase in Soviet military forces in the Far East and specifically demanded that Soviet troops be withdrawn from the northern territory, only to be rejected by the Soviet Union on both counts. Soviet actions will certainly make Japan keep its military alliance with the U.S. in opposition to the Soviet Union out of its own self-interests.

Clearly, the conflicting national interests of the Soviet Union and Japan and their political and military confrontation will affect the progress of bilateral economic relations. Witness the effects of the Toshiba affair on the Japanese government's attitude toward economic cooperation with the Soviet Union and on the enthusiasm of Japan's industrial community to develop business ties with it. On the other hand, the difficulties of opening up the Soviet Far East and the lack of Japanese interest in Soviet products also undermine the prospects of Soviet-Japanese economic cooperation.

In short, there is an array of problems keeping the Soviet Union and Japan apart. In their own interests, however, both will try to avoid an impasse and, within limits, may even make a cautious effort to try to improve their relations. This is especially true of the Soviet Union for a variety of reasons. In the future, the Soviet Union will take a more pragmatic policy toward Japan while steering clear of grand but empty gestures so as not to alienate the Japanese people psychologically. Instead of using just one single tactic, it will woo Japan even as it puts pressure on it now and then. It will also combine government-to-government cooperation with an emphasis on unofficial contacts. In a nutshell, the Soviet Union

will take a "long-term view" in its dealings with Japan with an eye toward influencing Japan's public opinion and winning its goodwill. It intends to go slow and push toward its objective step by step.

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'New Era' in West German-Soviet Relations

40050111a Beijing RENMIN RIBAO in Chinese
24 Jan 88 p 6

[Article by Fang Xiangsheng [2455 4382 3932]: "A New Thawing in West German-Soviet Relations"]

[Text] Soviet Foreign Minister Eduard Shevardnadze's visit to the Federal Republic of Germany [FRG] ended on 19 Jan. The visit was closely watched by the world news media because Shevardnadze was the first Soviet foreign minister to visit Bonn in 5 years. Even more important, it reflects a major change in both countries' attitudes toward bilateral relations. The visit, of course, did not initiate the change but it doubtless has reaffirmed and even furthered it.

For one thing, after a chill in the past, both sides are now working hard to develop a stable long-term relationship. According to reports, apart from holding talks with West German leaders and discussing a meeting between the two countries' top leaders, the major achievement of the visit was the establishment of a regular consultation system between their foreign ministers and other responsible officials and the extension of a bilateral economic cooperation agreement beyond the 20th century. Political consultation is one mechanism whereby FRG strengthens political ties with a handful of friendly nations. Public opinion in West Germany is that the institution of a political consultation system with the Soviet Union today, more than 40 years after the war, lays the foundation for a stable long-term relationship with Moscow in the days to come. In the words of Franz Josef Strauss, chairman of the Christian Democratic Union, it signals "the end of the postwar era...and the beginning of a new age." Shevardnadze also said that "bilateral relations must be endowed with a new quality."

Second, both sides have indicated a desire to let bygones be bygones and instead look ahead toward the future. As we all know, West German-Soviet relations have been frosty more often than not in recent years. We cannot forget the two uproars over West Germany's decision in late 1983 to deploy U.S. intermediate-range guided missiles despite Soviet objections and Kohl's indiscreet remark in the winter of 1986, which brought their relationship to a standstill for a good number of years. During his visit, the Soviet foreign minister said that the two nations' "past dealings" should be "reinterpreted" with "perestroika." West German Foreign Minister Hans-Dietrich Genscher also emphasized that "both sides must discard the antagonistic image." It is exactly this kind of mentality which led the two nations to

conclude a "bundle" of agreements covering the economics, science and technology, environmental protection, public health, agriculture, and other areas. The Soviet Union has given the green light for the development of ties between East and West Germany and made possible the much-delayed visit to Bonn by East German leader Eric Honecker. For its part, the West German government has given up the Pershing IA missiles, thus removing the last stumbling block to the conclusion of an INF [intermediate-range nuclear forces] treaty.

Third, the development of a relationship with the Soviet Union is no longer a subject for debate within West Germany. More so than ever before, the ruling party sees eye to eye with opposition parties on this matter. Genscher has publicly declared that Gorbachev should be taken seriously so that the West "would not miss the opportunity his policy offers." Kohl has supported Gorbachev's sincerity in arms reduction with actual deeds. Even Strauss, known for his tough attitude toward the Soviet Union, came back from his Moscow visit last month believing that Soviet behavior today is less aggressive than in the past, reversing a viewpoint he had held steadfastly for 45 years. Famous for its "Ostpolitik," the Social Democratic Party, now out of power, is trying in every way possible to jump on the bandwagon of improving relations with the Soviet Union so that the ruling party will not get all the credit.

Needless to say, these changes took place in an international macro-climate created in the wake of the INF treaty and "a shift in the entire world situation." Accordingly, they did not raise too many eyebrows. West Germany believes that the time has come for genuine arms reduction. Hoping to make the most of Soviet willingness to reduce its own military superiority, the West German government has asked the West to reciprocate with its own "perestroika."

Shevardnadze's West German visit no doubt has paved the way for further growth in West German-Soviet relations. But this does not mean a change in the fundamental posture of either country. Thus world opinion is still skeptical about the so-called "new era." It remains to be seen what the changes in bilateral relations signify.

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CIR Reviews Shanghai Seminar on International Relations Theory

40050113 Beijing XIANDAI GUOJI GUANYI
[CONTEMPORARY INTERNATIONAL RELATIONS]
in Chinese No 4, 15 Nov 87 pp 3-6

[Article by Zhao Yuliang [6392 3768 5328], Zhao Xiaochun [6392 2556 2504] and Chu Shulong [2806 2885 7893]: "On Establishing an International Relations Study System with Chinese Characteristics: Summary of a Shanghai Seminar on International Relations Theory"]

[Text] Initiated by Huan Xiang, general secretary of International Issues Research Center under the State Council and honorary general secretary of Shanghai

International Issues Research Center, and jointly sponsored by seven units—Shanghai International Issues Research Center, Shanghai Municipal International Relations Institute, Shanghai Foreign Language Academy, China Contemporary International Relations Research Center, the United States Research Center of Fudan University, Shanghai Tourism Development Company, and the Training Center of Shanghai Tourism Bureau—the Shanghai seminar of international relations theory was held in Shanghai from 9 to 13th August 1987 and attended by 87 representatives from Beijing, Shanghai, Guangzhou, Nanjing, Hangzhou, and Wuhan. The objective of the seminar was to discuss about the establishment of a system with Chinese characteristics for studying, under Marxist guidance, international relations and the prospects of international environments to be faced by China and Shanghai in the 1990's. Comrade Wang Daohan [3076 6670 3211], director of Shanghai Economic Zone Planning Office, adviser of Shanghai People's Municipal Government, and honorary general secretary of Shanghai International Issues Research Center, delivered the opening and the closing speech, while Comrade Huan Xiang reported on the current international situation at the meeting. The main topics of discussion at the meeting were as follows:

I. The Question of Establishing a System with Chinese Characteristics for the Study of International Relations

A. The importance and objectives of studying international relations

The practice of China's international exchange and the teaching of international relations since the 3d Plenary Session of the 11th CPC Central Committee shows that the study of international relations theory is being included in our meeting agenda. First, under new historical conditions with the many new problems and new phenomena being faced by us, we should have scientific expositions and creatively develop a Marxist international relations theory in order to establish our own theoretical system. Second, contemporary international politics and economy are now undergoing a major transformation, and a scientific international relations theory is needed to predict the evolution of such relations and to formulate the correct strategies and policies.

The favorable conditions for studying international relations theories are as follows: First, we have a rich Marxist heritage concerning international issues; second, the theories of international relations between the Soviet Union and Eastern Europe on the one hand and the West on the other can serve as our reference materials; third, we have accumulated rich diplomatic experiences in nearly 40 years after the founding of New China; and fourth, because theory comes from practice, our policy of opening to the outside and our contact with the outside world will continue to encourage our study in international relations theories.

The objectives of studying international relations theory are as follows: First, this theory will play a leading role in establishing a scientific concept and category and showing the laws of evolution in international relations for a long time to come. Second, to provide a theoretical foundation for the formulation and implementation of China's foreign policy, the formation of different schools of theory will offer a wider range of choice. An international relations theory has its vitality only when it has entered the phase of policy decisions. Third, viewed at a higher plane, the purpose of establishing a system of study in international relations theory is to gain a new international understanding and concept, or, in other words, to gain for China a scientific understanding of the international community—an understanding which will become an important component in China's ideology during the new period.

B. The subjects required for study in international relations

The consensus was that the science of international relations means a comprehensive research in political, economic and cultural relations, including the human elements. There were several views on the main body and the starting point of the research. First, sovereign states, as the most basic units of an international community, should be the logical starting point. Second, besides the states, many trades exist as main bodies in the contemporary international community. As main bodies, these trades are interrelated to form an entity with common roles. Therefore, the international community or the international system should be the main subject to be studied. Third, in international relations theory, the study in sovereign states and the study in the international system are by no means contradictory. We should begin with a microscopic study (in sovereign states) in our macroscopic study (in the international community).

C. The framework, concept, and category of the study in international relations theory

Some scholars presented preliminary outlines of the framework or structure for their own system of study in international relations theory as a means of preparing the way for deeper research. Other comrades held that the establishment of a system of study in international relations theory is a long and arduous process requiring the persistent efforts of a whole generation or even a few generations. In view of the composition and competence of personnel engaged in this study in China now, and the realities and the extent of China's participation in international affairs, it would be more appropriate to conduct a monographic study first in order to make a breakthrough in certain important issues. At the same time, we should intensify our study in the theory of international relations between the Soviet Union and Eastern Europe on the one hand, and the West on the other.

The discussions on concept and category touched on such topics as the historical age, state interests (class interests and national interests), international community, international structure, the motive force for developing international relations, the international political situation, the sovereign states, totalitarianism, and balance of power.

The discussion on historical age involved two questions. First, "What is the position occupied by the age theory in the system of study in international relations?" Some comrades held that the age concept helps us in our strategic assessment of international issues at the top level. It is also the basic prerequisite to guide us in observing international issues and their evolution. Therefore, it should occupy an important position in the study. Some comrades held that we should use the age concept as the logical starting point of the entire theoretical system. The comrades with an opposing view held that the question of age should form a category of the field covered by the study in scientific socialism, and that the age concept must become one of the categories of the system of study in international relations and even less the starting point of the system as determined by the subjects and tasks required for such a study. However, they conceded that the age concept should permeate and be embodied in the entire theoretical system. Second, as to how to understand the age theory, several views were presented as follows: 1) The conclusions reached by Lenin and Stalin are not out-dated, because we are still in the age of imperialism and proletarian revolution. 2) The conclusions reached by Lenin and Stalin are not quite correct, because we are now in the age of further development of capitalism and the age of newly emerging socialism. 3) Imperialism and proletarian revolution have entered a new stage. The age as a whole has not changed, but the stage has changed, and we are now entering the stage of peaceful development.

Two questions were brought up in the discussion of motive force for the development of international relations.

First, "how should the development of international relations be interpreted?" Some people held the view that the development of international relations should be interpreted as the progress and the democratization and rationalization of history. The opposing view was that this development should be treated as a process, and that as such, it includes progress as well as retrogression in certain periods. Second, as to the motive force for the development of international relations, some comrades held that this question should be viewed from two different standpoints. From the fundamental standpoint, class struggle is the motive force; from the standpoint of international relations, it is contradiction or struggle between countries centering on sovereignty, equality, and national interests. Some other comrades believed in the combined forces of history as an impetus to international relations development, so that a comprehensive observation should be conducted on various factors.

such as international organizations, multinational corporations, individual persons, political parties, and the different sectors and social groups of a country.

D. Methodology of study in international relations

The discussions generally touched on these aspects: First, we should uphold the methods of Marxist dialectic materialism and historical materialism, and the principle of linking theory with reality. This is the basic method to introduce an international relations theory with Chinese characteristics. Second, we should be guided by specific Marxist methods of observing international issues in our study of international relations theory. Some comrades have cited the methods of class analysis, economic analysis, relative strength, and the "combined forces" of history, as examples. Third, we must fully assimilate and learn to use such modern scientific methods as the system theory.

E. Some suggestions on establishing a system of study with Chinese characteristics in the study of international relations

1. Since the theory of international relations is politically a very sensitive subject, a better academic environment must be created by permitting the coexistence of divergent views and supporting contentions among different academic schools. Modern scientific theories can only result from serious ideological debates.

2. We should support the study in the theory of international relations with financial and material resources, incorporate such study in the state's scientific research plans, and launch the study project systematically.

3. We should bring about a closer relationship between academic research and policy making. Theoretical research should have a role in policy decisions, and the policy-decision departments should highly regard theoretical research.

II. Prospects of International Environments in China and Shanghai in the 1990's

The representatives held that the current and future international environments have the following basic characteristics:

A. Peace, democracy, and development are the three main currents in the world today

People of all countries in the world are striving for peace, democracy, and economic-social development. This is the basic trend of development of the international situation and represents the three main currents in the world development today.

Although the danger of a World War still exists, its outbreak in this century is unlikely because the force of peace is stronger than the force of war and the tendency

toward peace is greater than the potential danger of war. The U.S.-Soviet arms race will not stop, but neither of these countries would be willing to risk a nuclear war.

Opposition against autocracy and demand for peace have formed a strong current in the Third World during the 1980's. In their reforms, the socialist countries are universally keen in studying the relationship between political and economic affairs in the hope that the innate democracy of a high degree of a socialist system may find concrete and full expression through various mechanisms. The tendency toward democratization in international relations is continuing to develop, and multipolarism will prevail.

The attempt to develop their own economy and technology has become the central strategic task of countries of all types. To develop national economy, to look for advanced technology, to increase its comprehensive national resources, and to be prepared for the arrival of 21st Century have become the features of development strategies among all countries, particularly the economically strong countries, in the world. The Third World has shifted its efforts from seeking national independence to economic development.

B. World economy will develop amid even stronger competitions

1. Scientific and technological progress will be a decisive factor in economic development. There will be new, important breakthroughs in science and technology; the speed of their development and their impact on the world economy, in breadth and in depth, then will far outweigh that of the past. The United States, the Soviet Union, Western Europe, Japan, and other big powers of the world have already worked out ambitious scientific and technological plans to strengthen their national position and to increase their competitive power.

2. Reform and readjustment are now in full swing. The socialist countries are now carrying out in-depth reforms; the developed countries are continuing to revise their economic policies and concentrating their efforts on the development of newly emerging industries; and the developing countries are taking a second look at their methods of development. Various modes of economy are struggling for survival and development amid competitions.

3. Economic development in different countries will be more uneven. In the next several decades, there will be no drastic change in the relative economic forces in the world; but the ups and downs will be faster than before. The United States will continue to occupy its leading position. The gap will be narrower between Japan and the United States and wider between Japan and Western Europe. Between the Soviet Union and the United

States, the gap will not continue expand. However, it will further expand between the South and the North. The Asian-Pacific region will remain the most economically active region in the world.

There will be a synchronized development of unity and rivalry in international economic relations. The new technical revolution will accelerate the progress of internationalization of economic life throughout the world and at the same time intensify competitions among different countries. Some people believed that there may be a new imbalance in world economy: those who are ahead of others in science and technology will be farther ahead, the rich will be even richer, and the poor will be even poorer. China should have a sense of impending crisis.

C. China's foreign relations will be further developed

Most representatives were optimistic over the prospects of China's international position and its foreign relations on the following grounds:

1. There will be a steady development of Sino-U.S. relations. To develop relations with China is the common policy of both U.S. political parties, and this trend will not be changed no matter who will be the president. The potential is quite strong for Sino-U.S. economic, trade, scientific, and cultural relations, but the Taiwan question will continue to have a negative effect on such relations for a long time.

2. Sino-Soviet relations will gradually improve, but the economic and trade relations between these two countries can hardly be expected to surpass those between China and the Western countries. Normalization of Sino-Soviet relations will be decided by the elimination of the three major obstacles.

3. The contradictions and frictions between China and Japan will not, on the whole, affect their friendship. Japan will increase its national resources, but will not be able to become a superpower in this century. Sino-Japanese friendship is consistent with the economic and political interests of both countries.

4. China has a lot in common, but little contradiction, with Eastern and Western Europe. There is still fairly ample room for increased bilateral economic and technical cooperation.

5. The local upheavals in the peripheral countries and regions will not seriously affect the overall situation of China's four-modernizations drive.

D. Conditions will be more favorable for Shanghai's reforms and its opening to the outside world

The representative held that Shanghai, as China's largest industrial city and trade port, will play a very important role in China's socialist modernization program. The

strategy approved by the State Council for Shanghai's economic development has pointed out for Shanghai the goal of future development, namely, to become a modern socialist city of an open and multifunctional type with a rational production structure, advanced science and technology, and a high degree of civilization. Located on the eastern coast of the East China Sea and the western seaboard of Pacific Ocean, Shanghai has a long history of overseas contacts in economic, trade, scientific and technical, and cultural activities. In accordance with China's open-door policy and its strategy for Shanghai's economic development, Shanghai will be more widely open to the outside world and make greater contributions in bringing in foreign capital and technology, developing external economic and technical cooperation, and expanding its foreign trade by making better use of its strong points.

Looking forward to the 1990's, we can see very favorable international environments for Shanghai's economic development and China's socialist modernization. China will have a fairly long-lasting peaceful environment which will enable it to work out long-range plans to accelerate its modernization. China's extensive foreign relations will also help promote economic and technical cooperation with foreign countries of various types under its multidirectional open-door policy and accelerate its modernization. There will be new breakthroughs in science and technology during last 10-odd years of this century. This is a challenge as well as an opportunity for China. The gap between South and North will be wider, the drop of primary product prices and the rise of Western trade protectionism will produce adverse effects on China's foreign trade and economic development. We must work out our plans and policies well in advance in order to meet the challenge of the world's new technical revolution.

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WEST EUROPE

Momentum, Challenges for Defense Cooperation in Western Europe

40050140 Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese 16 Jan 88 pp 2-3

[Article by Ran Longbo [0373 7127 0514]: "A Higher Military Profile For Post-INF Europe"]

[Text] As the INF [intermediate-range nuclear forces] negotiations between the United States and the Soviet Union stumbled toward fruition last year, security and defense cooperation among Western European nations also inched forward. In the first half of 1987, the foreign and defense ministers of Western European nations visited one another frequently for consultations. In the second half of the year, France and West Germany held a rare large-scale joint military exercise and declared the formation of a joint French-German brigade, along with a bilateral military council. Even more important, the

council of ministers of the Western European Union [WEU], issued the "European security and interests program" in the Hague on 27 October, thus sounding a clarion call for Western European defense cooperation.

Forty years after the war, economic integration and political cooperation in Western Europe have made much progress. In security and defense, however, Western Europe has been dependent on the United States and there has been little cooperation within it. The Hague program may be considered a breakthrough. Essentially, it declares that Europe is still at the heart of East-West relations, that Soviet superiority in conventional, chemical, and nuclear weapons remains the basic problem for Western European security, that security on both sides of the Atlantic is inseparable, and that U.S. conventional forces and nuclear weapons stationed or deployed in Western Europe should not be reduced. The platform declares that the deterrent strategy must be adhered to firmly and NATO's "defense plus relaxation" principle is still valid. This breakthrough has been brought about by three factors:

First, Western Europe worries that it might become a bargaining chip as the United States and the Soviet Union try to reduce tension between them. Consequently, they feel a sense of urgency about stepping up their own security and defense cooperation. At the Reykjavik summit in 1986, Reagan discussed with Gorbachev a wide range of key issues directly affecting Western Europe without first consulting U.S. allies. This remains fresh in the minds of Western European nations.

Second, now that the INF Treaty has been signed, Western Europe is concerned that NATO's "flexible response" would be weakened and that the United States would cut back on its defense obligations to Western Europe. Meanwhile, within Western Europe itself, such ideas as so-called "non-nuclear defense," "local defense," and "defensive defense" have been gaining popularity. Western European governments worry that these ideas would play into the hands of the Soviet offensive to "denuclearize" Europe. Accordingly, it is imperative that Western Europe step up cooperation and coordination to protect their own interests.

Third, after intermediate-range missiles are dismantled, Western Europe will be at a disadvantage vis-a-vis the Warsaw Pact in terms of conventional weapons. Only by sticking together can it improve its conventional defense.

Military spending in Western Europe has already hit a high \$110 billion. Western European nations provide 90 percent of all NATO forces in Europe, 95 percent of its artillery, 85 percent of its tanks, 80 percent of its aircraft, and 70 percent of its warships. It will be very difficult to ask them to boost military spending or expand forces further. Take West Germany, for instance. At present it needs 250,000 military recruits each year. Because of a falling birth rate, that number is expected to drop to

130,000 by 1994. Furthermore, the major political parties in Britain, like those in West Germany, are deeply divided on defense policy. The smaller countries in Western Europe are cool to the idea of a stronger defense. Anti-nuclear and anti-war feelings are spreading among the public. All this has convinced the Western European nations to intensify cooperation with and support one another as a way of coping with the pressures within and without.

The clarion call for cooperation may have been sounded, but the Western European countries are each singing a different tune. France, West Germany, and Britain, the three major powers, each have their own game plans.

France's strong advocacy of Western European defense cooperation is a blend of de Gaullism and pragmatism. Although France has withdrawn from the integrated NATO military command, its security is actually inseparable from NATO. Even more important is the French-German relationship. Wedged between France and the Soviet Union, West Germany is the former's security shield. In recent years, France has been deeply troubled by the rise of Germany's Green Party, the growth of the peace movement, and the change in direction of the German Social Democratic Party. To woo West Germany, France supported it on the INF Treaty by throwing its weight behind the Kohl administration. When the two leaders met in October 1982, moreover, they reaffirmed their obligations under the 1963 French-German Treaty and began defense cooperation. In 1984, France called for WEU's revival as a forum where the major Western European powers could discuss defense cooperation. This year, French-German defense cooperation has made even more solid progress. France's objective is to promote Western European defense cooperation revolving around French-German cooperation, put an end to French isolation, and, together with its neighbors, deal with the new issues resulting from changing U.S.-Soviet relations.

The Kohl administration needs French support. On its own initiative, it has proposed the establishment of a mixed French-German brigade, which was a way of telling Paris that on security issues, West Germany harbors no disloyalty toward France. On the other hand, West Germany believes that if France wants to further defense cooperation, it should act more positively. It hopes France would regard the West German border as its own security border and take part in the "forward defense" of central Europe. It also demands some influence on France's nuclear policy, e.g., the scope of France's deterrent forces and the deployment of its Pluton guided missiles which, with a range of merely 120 kilometers, would reach only West German territory. French-German defense cooperation touches upon the French-NATO relationship, while any discussion of France's nuclear weapons policy is a highly sensitive issue impinging on French sovereignty. It is hard to tell

Su Shaozhi on Political Structural Reform
40050115 Beijing LILUN XINXIBAO in Chinese
11 Jan 88 p 1

[Article by Su Shaozhi [5685 4801 2535], director of the Marxism-Leninism-Mao Zedong Thought Institute, and Wang Yizhou [3769 6654 5297]: "A Meeting Point for Political and Economic Structural Reforms"]

[Text] 1. How to increase "visibility?"

The CPC Central Committee recently called for as much visibility as possible, whether in politics, economics, or other areas. This is a profoundly significant demand. As we see it, "visibility" in this context means the extent to which something is made public, a basic yardstick with which to measure modern democratic politics. As a socialist country doing its best to modernize its politics, economics, society, and ideology through reform, we should be able to accomplish this.

To increase visibility, we must first and foremost increase political visibility. Experience shows that without political visibility, we cannot even begin to talk about other kinds of visibility. This is particularly true in the case of socialist nations. How then can we increase political visibility? This is exactly one of the issues that needs to be resolved in political structural reform. We think there are at least these several aspects to it. To begin with, power should be checked and supervised. It is a truth that absolute power breeds corruption and bureaucratism. We should reform the over-centralized monolithic power structure and the way power is exercised so that decision-makers would be put under reasonable and effective restraints. Supervision should be multifaceted, that is, there should be not only supervision by power organizations themselves, but even more important, also supervision by law and public opinion. Second, we should pay attention to social consultation methods and increase the channels for dialogue between people at the top and those at the bottom. The report to the 13th Party Congress proposed the establishment of a socialist consultative dialogue. But how? That has yet to be worked out through the practice of reform. The experience of various socialist countries shows that the key to an effective consultative dialogue lies in the willingness of power organizations to really respect the wishes and criticisms of democratic parties, social organizations, mass media, experts, scholars, and the masses and take them seriously. Finally, to increase political visibility, we must standardize and institutionalize the work methods of the party and government and give them a legal framework. That way, society can understand and evaluate the methods, substance, attitudes, efficiency, and results of the work of decision-makers.

2. How to link up with economic reform?

The 13th Party Congress put forward the task of carrying out political structural reform and furthering economic reform at the same time. This is a remarkable historical goal. We must examine how to combine the two organically so that they can interact with and nurture each other.

A deeply inspiring lesson one learns from China's almost 10-year-old reform is that commodity production is the most powerful refutation of power fetishism and the vestiges of feudalism. Far more powerful than political preaching, ideological mobilization, and administrative intervention, it can accomplish in a short time what those things cannot do in a much longer period of time. Admittedly, nobody anticipated this phenomenon. For instance, in Shenzhen, Guangzhou, and some coastal areas, more and more people refuse to believe the old traditional ideology and are increasingly independent, self-initiated, and creative. Practice tells us that commodity production is a sharp weapon that can destroy bureaucratism, the notion of privilege, and feudal remnants. It is an effective "catalyst" for building a "highly democratic, effective, and dynamic socialist political system with a comprehensive legal system."

Thus we can conclude that this is where political structural reform merges with economic structural reform: focusing on the development of commodity production and the improvement of social productive forces, we should review and reform those aspects of the existing political system and its ideology which are incompatible with the demands of the times and build a spiritual civilization and democratic politics consistent with the modern material civilization. Judging by China's current reform progress, we must take reform one step further in order to establish a complete market economy. Only in a market economy can commodity production develop fully, not just partially or in a limited way. This is both the objective of economic reform and the prerequisite for total, thorough political reform. We should do everything to expedite its realization.

3. How to promote changes in the ideological arena?

Ideological change and structural reform are inseparable. Both the initiation and the intensification of political structural reform require us to make corresponding changes in our ideology and culture. The report to the 13th Party Congress emphasizes that in the course of reform, "we must discard individual theories of the past that still include visionary elements as a result of historical circumstances, eliminate the dogmatic interpretation of Marxism and various mistaken notions that have been attached to Marxism, and further scientific socialism in light of new realities." Already this pinpoints three basic shortcomings in the ideology that has yet to be reformed, namely visionary elements, dogmatic interpretation, and mistaken ideas, exactly the kinds of things

that have hobbled public thinking and limited our freedom of action for years. If we do not eradicate them, we will not be able to advance our enterprise, including political reform.

That these basic ideological flaws have been able to survive so long and have had such a large impact, we must realize, is in turn inseparable from the protection they have received from the traditional political system. As a science, Marxism should not have any taboos, peaks or idols. Yet the old political system not only created these phenomena but turned the ideology into an official dogma with administrative coerciveness, thereby greatly exacerbating ideological inertia and strengthening the tendency toward self-protection. The result is the proliferation and perpetuation of visionary, dogmatic, and mistaken ideas.

Political structural reform, therefore, should reject the various practices whereby power shackles thinking and intervenes administratively in learning, restore the scientific nature of Marxism, encourages competition, innovation, and growth in the ideological and cultural spheres and take them seriously, and provide legal and institutional guarantees for the implementation of the "double-hundred" principle. Through political structural reform, we should aim to introduce pluralism into the ideological and cultural arena, formerly a monolithic domain, and make Marxism an open and continuously self-renewing school of thought.

12581

Hong Kong Paper Speculates on Personnel Changes Among CPC Senior Officials

40050154 Hong Kong KUANG CHIAO CHING [WIDE ANGLE] in Chinese No 184, 16 Jan 88 pp 6-9

[Article by Chiang Wei Wen [3068 0251 2429]]

[Text] The Chinese Communist Politburo has approved a reform plan for Central Committee bodies and has instructed the Secretariat to carry it out. Following reform, Central Committee organizations will be divided into three categories. During the coming new year, Central Committee organizations will face dramatic changes.

Zhao Ziyang is to serve concurrently as the director of the Central Finance and Economics Commission, whose members are Li Peng [2621 7720], Yao Yilin [1202 181 2651], Tian Jiyun [3944 4764 0061], Zhang Jingfu [1728 0513 1133], Du Runsheng [2629 3387 3932], and An Zhiwen [1344 1807 2429]. Central Committee Secretariat Secretary Rui Xingwen [5360 2622 2429] has become a member of the commission with responsibility for day-to-day work. RENMIN RIBAO Director Qian Liren [6929 2621 0088] has entered the commission to replace

Gao Yang [7559 2254]. In addition, State Council Secretary Chen Junsheng [7115 0193 3932] has also resigned from the commission to take responsibility for more important work following the March NPC meeting.

The Chinese Communist Taiwan Work Commission is now being vigorously strengthened and expanded. Commission members are Yang Shangkun [2799 1424 2492], Yan Mingfu [7051 2494 1788], Yang Side [2799 2448 1795], and Liao Hui [1675 2547]. A group of young, bright, and capable members are entering the commission, and new breakthroughs seem likely on both sides of the Taiwan Strait. Propaganda Department Deputy Director He Jingzhi's [6320 2417 0037] retirement has been approved. Changes and strengthening of the Propaganda Department are certain to occur during the coming year.

Qiao Shi [0829 4258], Song Ping [1345 1627], and Gao Yang [7559 2254] are in charge of the Personnel Commission. It is anticipated that during the coming year there will be a large number of personnel readjustments and changes from north to south, and from top to bottom. A group of new faces may appear on the new Chinese stage.

Major Disclosures About Reform Plan For Top Chinese Communist Organizations; Major Readjustments of Top Chinese Communist Personnel

Information from Beijing reveals that the Second Plenary Session of the Chinese Communist Central Politburo, which was convened on 16 December 1987, approved in principle a reform plan for Chinese Communist Central Committee organizations, and charged the Central Committee Secretariat with carrying it out.

The Chinese Communist Central Committee organizational reform plan has not yet been made public. The writer learned from talks with people close to the top level in Beijing that the general thrust of this reform plan is a reduction in the number of existing organizations and a clarification of duties in accordance with the plan for "separation of party and government" and the principle of simplification for greater work efficiency.

Three Categories of Chinese Communist Central Committee Bodies

Reportedly, following reform, Chinese Communist Central Committee bodies will be divided into three categories as follows:

First is policy advisory bodies such as the Central Committee Finance and Economics Commission, the Central Committee International Relations Commission, and the Central Committee Propaganda Commission. These bodies, which are to be composed of personnel in charge of units in fields concerned, will meet regularly for the exchange of information, to study

problems, and to offer recommendations to the Politburo and its Standing Committee for making policy decisions. All members hold other jobs concurrently, and there are only a small number of working personnel. In general, no specialized administrative units have been set up.

Second is executive bodies, namely the Central Committee General Office, the Organization Department, the United Front Work Department, and the International Liaison Department. These bodies are under direction of the Politburo and its Standing Committee and are responsible for handling the daily work of the CPC in all regards.

Third is operating bodies, namely the Party newspaper (RENMIN RIBAO), the Party School, and the Party History Research Center. Though responsible for Party work, this category of organizations does not deal with routine Party affairs in distinction to the executive bodies in the second category.

All these bodies existed before the 13th National Party Congress; they simply had not been explicitly categorized.

Abolition and Readjustment of Certain Central Committee Bodies

The organization reform plan calls for reductions and deletions among the organizations in these three categories. Examples are the former Political and Legal Commission headed by Qiao Shi, which no longer exists as a result of the separation of party and government. The former International Propaganda Commission, headed by Zhu Muzhi [2612 4476 0037], is also to be abolished, reportedly because of its ambiguous duties and because its functions were not very important.

Following reform, the functions and powers of some bodies are to change. The Organization Department, for example, which formerly had been centrally in charge of high ranking cadres in the party and government, will henceforth exercise control over only high ranking cadres with Party functions in accordance with the principle of separation of Party and government. The State Council will set up a separate special body for the control of personnel in the government system. The Propaganda Department will likewise no longer be responsible for the administration of propaganda organizations.

The Mystery of Where HONGQI Has Gone

The reform plan has also changed the position of certain bodies. One example is the CPC theoretical journal, HONGQI magazine, which was formerly under jurisdiction of the Central Committee, and which was slated to become the theoretical journal of the Higher Party School. Rumors carried by foreign publications that this publication was to cease publication stemmed from this

change. Reportedly, however, objections have been raised within the CPC, so no final decision has been made about whether this change will occur.

Simultaneous with organizational reforms is planning for the replacement of certain personnel in the organizations.

New members have already been decided on for the Finance and Economics Commission, which is responsible for studying the economy and proposing relevant policy plans. The director is the CPC General Secretary and Standing Committee member, Zhao Ziyang. Members are Politburo Standing Committee members and Vice Premier, Li Peng; Politburo Standing Committee member and Vice Premier, Yao Yilin; Politburo member and Vice Premier Tian Jiyun; and State Council Councilor, Zhang Jingfu; Rural Policy Research Center director, Du Runsheng; and State Restructuring of the Economic System Commission Vice Minister An Zhiwen. Zhang Jingfu is secretary of the Finance and Economics Commission.

When the Central Committee Finance and Economics Commission was founded, Zhao Ziyang became its director. Around the time of the 13th Party Congress, newspapers abroad reported that Zhao Ziyang had become acting general secretary. Yao Yilin had succeeded to the position of director of the Finance and Economics Commission. On the basis of Party and government personnel appointments made by the 13th Party Congress, some people had suggested that financial and economic work on the Chinese mainland had entered the "Yao Yilin era," the result of which would be subtle changes in the steps taken in reform and concrete methods. The facts have shown such statements to be without foundation, and purely guesses made on the basis of hearsay evidence. In reality, Zhao Ziyang remains in charge of the Finance and Economics Commission.

For Zhao Ziyang to serve concurrently as director of the Central Committee Finance and Economics Commission following his formal election as CPC General Secretary is completely logical. In the 3d Plenum of the 11th Party Central Committee, the CPC proposed a shift in the emphasis of CPC work to the building of the economy. The line formulated by the 13th Party Congress explicitly provided for the emphasis to be on building the economy. As the CPC's supreme leader, even though he will no longer be responsible for the actual handling of economic work following separation of the party and government, Zhao Ziyang will have to continue to be in charge of strategy for building the economy and the direction of reform of the economic system. Ability to study economic problems thoroughly and to make correct policy decisions at the right times should be regarded as an important indicator of whether a CPC general secretary is able to perform a leadership role well.

Central Committee International Commission Reinvigorated Once Again

The International Commission has reorganized its major programs. The director is Li Peng, and the deputy director is Wu Xueqian [0702 1331 6197], a member of the Politburo, counselor of the State Council, and concurrently Minister of Foreign Affairs. Members include Politburo member and Minister of National Defense designate, Qin Jiwei [4440 1015 0251]; the former director of the Liaison Department and incumbent director of RENMIN RIBAO, Qian Liren; the incumbent director of the Liaison Department, Zhu Liang [2612 5328]; Deputy Minister of Foreign Affairs, Qian Qishen [6929 03656 3819]; and Minister of Economics and Trade, Zhang Tuobin [6774 2148 1755].

When this commission was first founded, it was headed by Li Xiannian, and members included Zhao Ziyang, Wan Li [8001 6849], Chen Muhua [7115 1970 5478], and Ji Pengfei [1213 7720 7378]. Initially, the commission regularly met to discuss matters. Later on, however, possibly because of the advanced age of the director and some changes in the work of members, it was little concerned with international affairs, and reportedly did not hold meetings frequently for a long period of time. Now, following reorganization, its members are primarily persons in charge of units involved in foreign affairs, and it will become regularly active in the study of changes in the international situation, will provide recommendations for foreign policies, and will provide the Politburo with policy advice.

Rui Xingwen Joins Central Committee Propaganda Commission

The Central Committee Propaganda Commission was founded when Zhao Ziyang was acting general secretary. It was headed by Hu Qili, and members included Zhao Ziyang's political secretary and deputy director of the Commission for the State Restructuring of the Economic System, Bao Tong [7637 1749]; State Council Secretary Chen Junsheng; Higher Party School Director Gao Yang, Central Committee General Office Director Wen Jiabao [3306 1367 1405], and Central Committee Propaganda Department Director Wang Renzhi [3769 1804 0037]. KUANG CHIAO CHING made an independent report about this in August 1987. Not long ago, this commission made some changes in its membership. Hu Qili continued as director; however, a deputy director was added in the person of Rui Xingwen, who had formerly been secretary of the Shanghai Municipal CPC Committee, and who is currently secretary of the CPC Secretariat. It is predicted that since Hu Qili is fairly busy with Party matters, the day-to-day work of the Propaganda Commission will be handled by Rui Xingwen.

Membership of the commission was also readjusted on the eve of the 13th Party Congress, Qian Liren taking the place of Gao Yang the CPC Higher Party School

director. Following the 13th Party Congress, simultaneous with Rui Xingwen's arrival, State Council Secretary Chen Junsheng left the Propaganda Commission. Reportedly, when the NPC convenes in March 1988 and the State Council is reorganized, Chen Junsheng may be appointed to more important duties.

Impending Expansion of Central Committee Taiwan Work Commission

In 1987, the director of the Taiwan Work Commission, which had formerly been headed by Deng Yingchao [6772 4481 6389], became Yang Shangkun, a member of the Politburo and deputy chairman of the Standing Committee of the Military Affairs Commission. In addition to Yang Side, who has been in charge of the day-to-day handling of Taiwan matters for a long time, members of this commission reportedly include United Front Work Department director, Yan Mingfu, and State Council Overseas Chinese Affairs Office director, Liao Hui.

Since changes have been taking place for some time in the Taiwan Strait, and since gradual breakthroughs are bound to occur in relations between both sides of the strait, the Chinese Communists are now mulling over an energetic intensification of Taiwan work. Well informed people have disclosed that the Central Committee will expand the Taiwan Work Commission, the better to keep control over happenings in all regards, promptly study actions to be taken in response, and to provide the Politburo with advice. United front work and Taiwan work have been put on the agenda for discussion at the highest level of the CPC.

Qiao Shi in Charge of Central Committee Personnel Commission

In addition, it has been reported that before the 13th Party Congress, the CPC established a Central Committee Personnel Commission, and that this commission will remain responsible for considering and studying important personnel planning and reforms of the personnel system.

The director of the Central Committee Personnel Commission is Qiao Shi, who is concurrently a member of the Politburo and the Politburo Standing Committee, Secretary of the Central Committee Secretariat, and Secretary of the Central Discipline Inspection Commission. Members include Song Ping, who was appointed director of the Organization Department on the eve of the 13th Party Congress and who was admitted to the Politburo at the 13th Party Congress, and Gao Yang, who was appointed on the eve of the 13th Party Congress to replace Wang Zhen [3769 7201] as director of the Party School.

Readjustment of Central Committee primary level executive bodies and operating bodies seems not yet to have been placed on the agenda, and will be undertaken during the next phase. However, there was some discussion and speculation about these matters in Beijing political circles.

The matter causing greatest concern is the Propaganda Department where, following Rui Xingwen's admission, some people in Beijing say that Propaganda Department Director Wang Renzhi will be replaced by Rui Xingwen. Others believe, however, that inasmuch as Rui Xingwen is already secretary of the Secretariat, he will not concurrently serve as the director of the Propaganda Department; in view of the current situation, no readjustment will be made in Wang Renzhi's duties. It remains to be seen which view is the correct one.

However, reliable information has it that the retirement request of writer He Jingzhi [6320 2417 0037], the deputy director of the Propaganda Department, has been approved. Currently, except for Propaganda Department Director Wang Renzhi, and just the former deputy secretary of the Finance and Economics Commission, Wang Weicheng [3769 4850 3397], and Li Yan [2621 1750], who was long responsible for administrative work in the Propaganda Department, the Propaganda Department lacks leading cadres who are truly familiar with propaganda work. Thus, there is general speculation that there are bound to be new appointments and a strengthening of the Propaganda Department's leadership level within a short period of time.

All the former leaders of the United Front Work Department have retired one after another. Now the only minister-level person there is the director, Yan Mingfu, who has been the incumbent for only slightly more than 2 years, and a deputy minister who has been transferred from an industrial department. Following the 13th Party Congress, Yan Mingfu entered the Central Committee Secretariat; he carries a strenuous work load. Will he leave the United Front Work Department and be appointed director in a new post, or will he continue to serve concurrently as director of the United Work Department, another energetic deputy director being assigned to help with the work? Reportedly this is a problem under current consideration. However, in view of the importance and strenuousness of future united front work, it is believed that Yan Mingfu will continue as head of that department for a while.

Just on the eve of the 13th Party Congress, the Central Committee Organization Department changed its leadership group, the former State Planning Commission Minister-in-Charge Song Ping [1345 1627] becoming director. Following the 13th Party Congress, Song Ping became a member of the Politburo, but his continued control of the Organization Department is not in question. As for organizations such as the International Liaison Department and RENMIN RIBAO, and the

Party School, the reporter's queries brought no information about impending changes among leaders. Nevertheless, as a result of the promotion of a policy of youthfulness and step-by-step institution of a political system reform plan, personnel changes in Central Committee bodies will become a regular event.

9432

State Council Circular Urges Localities To Stop Hainan-Bound Job Seekers

40050106 Beijing RENMIN RIBAO in Chinese
5 Feb 88 p 1

[Text] The general office of the State Council issued a circular today calling on localities to stop job-seeking people from going to Hainan.

According to the circular, the Hainan Province preparatory group has reported that an increasing number of people has gone to Hainan looking for jobs since the second half of 1987, making it difficult for Hainan to receive and settle them. Moreover, some people have not had their demands satisfied, a fact which is having some negative effects. More recently, the students of some colleges and universities, taking advantage of the winter break, have flocked to Hainan in search of employment. There are signs that they will be joined by more and more people.

The circular notes that since it lacks qualified construction personnel, Hainan welcomes the interest and concern of high-minded people across the nation. However, Hainan is currently making preparations to become a province and can provide jobs for only a tiny number of people. Thus the influx of scientific and technical personnel, college students, and other job-seekers into Hainan will put the island under a good deal of stress. Accordingly, all localities, departments, colleges, and universities should educate job-seekers who want to go to Hainan ideologically and dissuade them from doing so. People who are really interested in building up Hainan should get in touch with it in writing. As for those already in Hainan looking for jobs, the preparatory group for the establishment of Hainan as a province and other parties concerned will take actions to have them returned as soon as possible. The preparatory group will draw up a personnel requirements plan based on the needs of Hainan construction and recruit the necessary qualified personnel in a planned and systematic way.

12581

Huan Xiang on National Pride, Personal Integrity, Work Attitude

40050142a Beijing QUNYAN [POPULAR TRIBUNE]
in Chinese No 1, 7 Jan 88 pp 11-12

Article by Huan Xiang [1360 6763]: "The Key Point is Raising the Quality of People"

[Text] The 13th Party Congress has been successfully concluded. In the spirit of the 13th Congress, the Central Committee is now in the process of setting up work in all

the various areas around the country, with the central tasks of intensifying reform of the economic structure and a step by step reform of the political structure. In our strategy for economic development, priority consideration will have to be given to the development of S&T and education, while it must, furthermore, become major guiding principle during the initial stage of socialism to enhance the entire nation's ideological and ethical quality and the quality of science and general education. That means that the fundamental key to truly implementing the political line, principles, and policies, determined at the 13th Congress, is the improvement of the quality of the people.

The greatest damage that the "cultural revolution" has wrought on China was the disruption of education, the ideological destruction among the people, the waste of several generations, and the lowering of the people's quality. The damage seems to be invisible, but its serious consequences manifest themselves in all areas of social life, while its negative effects will be long-lasting. Reversing the situation will require huge and untiring efforts over a long period of time. Only by bringing up new people with lofty moral character and strong determination, with abundant knowledge and good education, can we realize the specific measures put forward in the documents from the 13th Congress, to have China stand high among the nations of the world during the fierce competition that is going on.

In order to enhance the quality of the people, I believe it is necessary to solve the following three problems:

1. How to conduct ourselves.

There are many principles of human conduct; the first question is what kind of a person is it desirable to have.

I believe, in order to become a contemporary Chinese, it is necessary to have a high degree of patriotism, also to have national self-respect, self-confidence, and a sense of national honor, with determination to become a person of value to country and people.

The Chinese nation has a long history and abundant cultural traditions. At a certain time in history, the Chinese excelled among all peoples of the world in S&T. The Chinese are a diligent, clever, and courageous people and have contributed richly to mankind's civilization. Only in the last two or three centuries, China has for various reasons lagged very much behind. We should have a sense of honor and pride as Chinese, and must make full use of our good qualities, bestir ourselves and do all we can to catch up. We must exert ourselves in China's national construction, modernize China, so as to speedily overcome its backwardness, regain prosperity and strength, and once again make many more contributions to the world.

National self-respect and patriotism has faded in some people. They crave the material life of the developed countries, and harbor a kind of inferiority complex regarding their own nation, which is even going so far that they worship, adore, and compliment everything foreign. As soon as an opportunity will arise, they will spare no pains to go abroad to share in the achievements, which the people of the developed countries have gained in long years of toil. This is really highly reprehensible and is an attitude that honest people of all countries will despise.

According to an excellent Chinese tradition, "one must not be corrupted by wealth, one must not be subdued by force, and one must not change in moral integrity due to poverty and lowly status." Many Chinese have preserved this moral integrity. In old China, determined young people thought of ways to rescue their motherland from its situation of grave danger. Though they may have gone different ways, some voluntarily joining the revolution, without hesitating to sacrifice in order to save the nation, some advocating "salvation through education," "salvation through science," or "salvation through industry," but on the one point of "rescuing state and nation from grave danger" they all were agreed. That was the national spirit of those days. It was precisely owing to that kind of commendable spirit that China could finally rise up again.

China is presently much better situated than in the past. The task of "rescuing China from grave danger" has been accomplished, and the problem of providing sufficient food and adequate clothing for the people has been initially solved. The present task is to engage in decades of struggle to extricate China from poverty and backwardness and to move China into the ranks of advanced nations. That must be the national spirit of the Chinese nation at the present time, and must be the aim in life of every Chinese in this era. Every Chinese must be imbued with this lofty aspiration and great ideal.

2. How to deal with matters.

Dealing with matters is concrete manifestation of how a person conducts himself in society. He should show a high degree of responsibility toward the state, society, and the people, work diligently and conscientiously, and perform well his share of work. Some people now lack this basic moral concept; whenever they have to deal with any matter, they first give thought to their own personal interests; they do not handle anything according to proper principles, but rather make it a matter of personal relations, of selling favors, and forget honor at the sight of personal profit. Some persons in positions of leadership lack all sense of responsibility regarding their work; they are culpable of serious bureaucratism, dereliction of duties, and betray state and people. To benefit narrow interests of their own locality, unit, or persons, some show no regard for the overall situation and do not hesitate to sacrifice the interests of the entity or the long-term interests of the people. They distort whatever

principles and policies of the central authorities reach them: "If you have policies, we have counterpolicies." Some office workers scorn professional ethics, ignore social effects, harm others to benefit themselves, and gain whatever profits they can derive from misusing their powers of office. There are even some individuals who for private gain, slight national law and disgrace themselves by selling items of national interest. Some do not work earnestly, do shoddy work and use inferior material, work in a slapdash manner and merely go through the motions of working, perform sluggishly and drift along without doing a real job. They put forth no energy or effort to improve themselves, but merely practice fraud, and swindle and trick people.

As these people show no sense of responsibility toward the state, toward other people, and toward their own unit, they are, in actual fact, acting without responsibility toward themselves. For all these reasons, many a good job is left undone, and much of the services and product qualities are continuously deteriorating, with detrimental effect on the reputation of the state and of the Chinese people. There are even some students who carry these evil practices with them when they go abroad to study, thereby greatly harming the reputation of Chinese youths, so that some foreign universities, as a consequence, do not welcome students from China. This is very humiliating and shameful indeed.

3. How to treat other people.

In working for the overall goal of socialist modernization to build up China into a powerful nation, the fundamental interests of all Chinese are the same; they are bound to have a common ideal and a common objective in their struggle. On this foundation, it will be necessary and also possible to establish a new type of person-to-person relationship.

China's traditional civilization attaches extremely high value to the way people get along with people. We should critically carry on this tradition, assimilating the essence and rejecting the dross, and further improve on it, in order to meet the needs of the new era, turning the tradition into a powerful coalescing force.

Between comrades there should be a competitive spirit, to do a better job and to increase contributions for the benefit of country and people, but there should at the same time be comradely friendship. With all the competition, there must also be mutual concern for each other, mutual respect for each other, mutual support and protection, mutual assistance, mutual understanding and sympathy, and mutual cooperation, so that jobs will be well done. There must be no mutual obstruction and mutual strife out of selfish motives. As some people now have no idea at all about showing respect for other people, they actually show no respect for themselves. To benefit the interests of their small group or their own person, some people will band together as gangs, take advantage of others, and discriminate against outsiders;

a "science of establishing and exploiting personal relationships" is rampant throughout the country. This is detrimental to solidarity and harmful to China's common undertakings.

In the initial stage of socialism, it is necessary to develop an economy with diverse forms of ownership, though public ownership will remain the dominant form. It will be necessary to mobilize all positive elements, initiate competition on the principle of letting the superior win and the inferior be eliminated, to instill ample vitality into our society. This situation demands that we handle person-to-person relations in an even more appropriate manner.

I believe the fact that the moral quality of some contemporary Chinese (including youths) has deteriorated, as reflected in the three above-stated problems, must be faced squarely, and earnest efforts must be made to rectify this situation. There is a feeling of urgency in this matter.

Enhancing the ideological and ethical quality of the entire nation, as well as the quality of science and general education, is a matter that certainly cannot be accomplished very quickly. It requires a very long time as well as strenuous efforts in many quarters.

I believe, enhancing the ideological and ethical quality of the people is at present more important than anything else. It should be the most important task in educational work. The current movement of the "Five Stresses and Four Points of Beauty" is of course very good, but still very insufficient. A fundamental improvement is necessary in the work of bringing up our people; education must be emphatically treated as the nation's primary undertaking. Moral education must permeate the entire educational process, from elementary, secondary, to higher education, and it is particularly important to lay a good foundation during elementary and secondary education. Moral education should be conducted daily with a rich and varied content and in forms that youngsters like to see and hear.

I believe, the most basic task of our educational work should be to educate our citizens how to conduct themselves, how to deal with matters, and how to treat other people. Only by straightening out these three problems will it be possible to truly render service to the great undertaking of building a socialist New China.

As things are now, it would furthermore be necessary to institute a comprehensive readjustment, of which the most important component would be a correction of unhealthy tendencies. Example is better than precept. A bad social atmosphere will of course adversely affect the work of bringing up the next generation.

The challenge we are facing in the world is truly imminent and very grim, we certainly have to be "alert." We must at the same time have confidence. Since the Chinese people, even under conditions of great difficulties and hardships in old China, had been able to rescue country and people from grave danger, then it should certainly be possible, under the present already much more favorable conditions, to build up the country successfully, and have it standing high and firm among the advanced countries of the world. Let us vow to make a joint effort.

9808

BANYUE TAN Discusses Party-State Separation, New Leadership Style

40050136a Beijing BANYUE TAN [SEMI-MONTHLY TALKS] in Chinese No 1, 10 Jan 88 pp 18-20

[Article by Liu Hong [0491 4540]: "Party Leadership is Political Leadership"]

[Text] The party is a sociopolitical organization. Leadership of the party does not mean taking on alone the management of all affairs. The party's leadership of state power is political leadership, not organizational leadership. Its organizational leadership applies only to inner-party relationship. This means that, organizationally, there is no superiority-subordination relationship between party committees and government agencies. Party committees and government agencies of the same rank have no such relations, and neither have higher ranking party committees in relation to lower ranking government agencies. A party committee that directly interferes in the normal work of a government agency is not only exceeding the scope of party leadership, but will also not be able to effectively exercise the functions of the government organ; it will create a situation in which there is no separation of party and state, and will limit its ability to function where it is supposed to function.

Party committees must not directly handle affairs that are administered by government agencies. However, some people find it for a time difficult to adjust their way of thinking; they believe acting in this way would reduce leadership of the party to a mere "empty framework." But this is actually adopting the outdated viewpoint which held that party and government must not be separated. That viewpoint, therefore, has to be changed. In the days of the revolutionary war, when our aim was to destroy the old state machinery, at a time when we did not control state power, the party had to implement a highly centralized and unified leadership system. It was the only possible way to bring every positive factor into play and to defeat an enemy who was so much more powerful than we were. In those days, the party not only exercised political leadership, but also took on military affairs, economic affairs, and activities in many other areas. That was acting in accordance with the social circumstances of those days and with the needs of the revolutionary task, and was a positive contribution to

victory in the revolutionary war. However, once our party had become the party in power, it would no more suit the requirements of the situation to exercise leadership still along the lines of the original system. This has already been proven by practice, and that is also the reason why we now propose to separate party from government administration.

How are we then to realize the political leadership of the party? The report of the 13th Party Congress points out: Political leadership of the party is "leadership in political principles, in the political direction, in major decisions, and it entails the duty to recommend important cadres to the state power." This is the basic substance of the party's political leadership, as it is also our direction in the future reform of the leadership system of the party. In more specific terms, the political leadership of the party shall primarily manifest itself in the following areas:

First, the party must operate within the scope of constitution and law. Based on the central task that we are faced with at the current stage of socialism, the party has the task of determining political line, principles and policies in such a way that they will conform to reality and represent the interests of the masses, and to put forward proposals which, through proper procedures prescribed by law, shall be transformed into national will, namely into laws, decrees, and state policies. The task of the party organization at all levels is to ensure their implementation, and to have them converted into real activity of the masses. This is the primary method and means by which the party shall exercise political leadership in national affairs.

Second, the relationship between party and state power is one of leadership and submission to leadership in political matters, without any subordinating relationships in matters of organization. The party has powers of control only over its members, while the organs of the state embody state power. All laws and decrees which the state organs promulgate are binding on all citizens. As to the various social and mass organizations, they too each comprise a section of the masses. The party must, therefore, fully respect the status of state organs, mass organizations, and enterprise and industrial units, and bring the enthusiasm and initiative of these organizations fully into play, and have each of them attend to its own duties. If all this work is done well, it will also favorably reflect on the political leadership of the party.

Third, to ensure progress in the socialist modernizations, the party is responsible for the training, selection, and recommendation of large numbers of well-qualified cadres to assume important positions in state organs. There will be the direct responsibility to implement the political line, principles, and policies of the party. This is one of the objectives and methods of the party's political leadership, as it is also the major guarantee for the realization of political leadership.

Fourth, political leadership of the party is not an empty phrase; it has concrete content and relates directly to the party organization and to each party member. The core of party work is to support and guide the people in acting as masters of their own affairs. This demands that the greatest emphasis be placed on mass work. The party cannot force the masses to accept its very own opinions, but can merely appeal, persuade, and win over, and use the exemplary deeds of party members to influence the masses, thus have the masses voluntarily accept the political suggestions of the party. This is more effective than using force. At present, some party leadership organs pattern themselves after administrative organs in their structural setup and cadre complement. They do not see their fundamental task in ideological political work and mass work, but place one-sided emphasis on administrative management skills. They overstaff their offices, take charge of administrative work of the government, and are frequently unable to realistically and speedily reflect the opinions of the masses, to the detriment of ideological political work, propagandistic and mass media work, which uses persuasion, education, and inspiration, to have the party's suggestions penetrate deeply into the minds of the people and transform these suggestions into conscious acts of the masses. It is therefore necessary that, in the way they function, party organizations reverse these work methods, which do not conform to the new demands.

In the exercise of the party's political leadership, the tasks of the party's central, local, and basic-level organizations are not completely the same. Since the central organization of the party must exercise political leadership regarding all work throughout the entire country, it must first of all clearly delineate the different functions of party and government organs, eliminate any situation where there is no separation of party and government administration, and get rid of the corrupt practice of having the party act on behalf of the government, thus detaching itself somewhat. Only by doing so will the party's central organization be able to gain a broad and long-term outlook, be able to devote its main energy to the study of important and weighty problems that affect the overall development, have the suggestions of the party rendered appropriate to the realities of China, and truly place itself into the position of political leader. In provinces, municipalities, and counties, local party committees at various levels are to exercise political leadership by implementing the political line, principles, and policies of the party's central authority, ensuring uniform implementation of government decrees throughout the country. Only by freeing itself from trivial affairs, will the party organization be able to discern problems, deliberate on problems, and be truly effective in its functions as guarantor and supervisor. Party organizations at basic-level enterprise and industrial units must follow up on the initiation of the administrative director responsibility system, by freeing themselves gradually of what are definitely administrative affairs, by acknowledging supervisory and guaranteeing functions as their own tasks, and by primarily doing ideological political

work and mass work. This is the only way to avoid committing the errors of various kinds of bureaucratism and to reflect from top to bottom the will and demands of the masses.

In sum, only by placing itself in the position of political leadership and assuming all functions of political leadership can the party effectively guard against a situation in which party and government administration is not separated, where the party acts on behalf of the government, and can the party fundamentally strengthen and improve party leadership.

9808

Most Political Cadres Reportedly Support Reform
40050134 Beijing JINGJI RIBAO in Chinese
26 Jan 88 p 1

[Text] After the institution of party-government separation and the separation of government and enterprise functions in enterprises, enterprise political organizations need to be adjusted as appropriate and political cadres must become more competent even as their number is reduced. However, this does not mean that enterprise ideological and political work should "step aside." We should guide the rank-and-file worker to appreciate the significance of party-government separation properly and to understand and trust our political cadres totally. Under no circumstances are we to make comrades in party work unhappy as we go about separating party from government.

Our contingent of political workers was formed through years of practice in revolution and construction. It is a contingent loyal to the party's cause, a trustworthy mainstay capable of executing the party's principles and policies steadfastly. It includes many comrades who gave up their original professions to engage in ideological and political work as required by the party's cause and have stayed on in their jobs for a dozen years or decades. This shows their spirit of devotion. Not only have they made immense contributions in the past, but they have also actively publicized and implemented the party line, policies, and principles since the 3d Plenum of the 11th CPC Central Committee, doing a lot of work to ensure the success of reform and the policy of opening to the outside world. The practice of 9 years of reform proves that most party secretaries and political cadres embrace and support reform. After the introduction of the factory director responsibility system, in particular, the party secretaries in many enterprises took the initiative to delegate power, step aside, change gears, and start doing things differently. Highly reform- and innovation-minded, they have been standing at the very forefront of reform shoulder to shoulder with the factory directors, contributing to the search for and perfection of a new leadership system. Our tremendous achievements in modernization and reform are inseparable from the political cadres' hard work. Their labor should be acknowledged and respected by everybody.

To understand and trust our political cadres, we must clear up a number of confused perceptions in the public mind. First, the enterprise leadership system, office setup, and the provision of nonproduction personnel of the past had to do with the historical conditions and historical background at the time. They derived from a system in which the party committee exercised "centralized leadership" and were not the responsibility of a particular individual or department. Second, in the process of reform and opening to the outside, the party committee, like other departments in the enterprise, will inevitably find some of its work out of place and may even make mistakes. By and large, however, some problems are unavoidable in the course of reform, while others are not the fault of the people below. So we cannot blame those comrades who do the actual work in enterprises. A number of political cadres do indeed resist reform, but they are in the minority after all. Their problem is one of understanding and can be worked out gradually through reform.

How to evaluate political cadres realistically is a very sensitive issue right now and should receive special attention in our propaganda. One-sided charges and snide remarks would only stiffen the resistance to reform. Certainly, for their part, the vast numbers of political cadres should also realize that the image of political work and political cadres had been seriously damaged in the years when "class struggle was taken as the key link." The negative effects of those years and the subsequent misunderstanding are still with us today. Restoring and improving the image of political work and political cadres takes time and the joint efforts of every party. Even more important, it takes practical actions on the part of political cadres as they plunge into reform and serve its cause.

As reform intensifies, the work of some political cadres will change, as required by an evolving situation and by political structural reform. We believe that the broad ranks of political cadres will certainly pass this new test and, in accordance with the demands of the 13th Party Congress, conscientiously, actively, and joyously involve themselves in political structural reform and serve as a role model to make themselves deserving of the workers' understanding and trust.

12581

National Newspaper Management, Operation Association To Be Set Up

40050106a Beijing RENMIN RIBAO in Chinese
6 Feb 88 p 1

[Text] There are over 1,500 newspapers in China today. How to manage and operate a newspaper successfully and increase its vitality has become an urgent issue. The All-China Newspaper Management and Operation Association, soon to be established, will devote itself wholeheartedly to doing a good job in this area.

A preparatory meeting for the association was held in Beijing a few days ago. Representatives and responsible comrades from newspapers in the localities and the capital as well as leaders from the News Bureau of the Central Propaganda Department, the State Administration of News and Publications, and the systems industrial association under the State Council discussed the issues facing newspapers. They proposed that newspaper management and operations be made scientific more rapidly and called for the modernization of information transmission and printing technology.

12581

Forum Urges Creation of Climate for Legitimate Criticism

40050106b Beijing RENMIN RIBAO in Chinese
8 Feb 88 p 1

[Article by Guan Weixun [1351 0251 8113]: "Create a Positive Climate To Encourage Legitimate Criticism"]

[Text] At a 6-province symposium for news reporting sections, it was learned that almost all the leaders of the reporting sections had told them in no uncertain terms, "You people in reporting must report only the good news and not the bad." Some even said, "Why do we keep so many people on our payroll? Not so you can write criticisms to malign us!"

Such talk runs counter to the spirit of the report to the 13th National Party Congress, which says, "Use all kinds of modern reporting and propaganda tools to step up reporting on government and party affairs, make the most of public opinion as a supervisory instrument, support the masses in criticizing shortcomings and mistakes in our work, combat bureaucratism, and struggle against all manner of unhealthy trends."

Our era is one of reform. In order to reform, we must find out what the problems are and prescribe the proper remedy. Thus, a reporter not only must report good people, good deeds, and good experiences without delay, but must also promptly criticize and expose shortcomings, mistakes, and problems in our work. Only truthful reporting will enable public opinion to be genuinely effective in promoting reform and speeding up economic development and social progress.

Reporting only good news but not bad news reveals an impure party spirit. It may become the ruse of people fishing for sham honor and political capital. Examples here are too numerous to mention.

When we allow the reporting of only good news, we are invading the citizen's democratic rights and violating the principle of seeking truth from facts. This phenomenon shows once again that the pernicious influence of the feudal patriarchal system still has extensive support in certain leading organizations.

No news reporting organization in any unit or department is the private property of the unit or a certain leading cadre. All news reporting organizations belong to the people and should be responsible to the party and the people first and foremost. A leading cadre who is really fortified with a dialectical and historical materialist world view and methodology is not afraid of criticism and supervision by public opinion. On the contrary, he would sincerely welcome this kind of criticism and supervision because it will help him understand realities more clear-headedly and discover and solve problems in a more timely fashion. We may say that whether or not a comrade can take criticism and supervision by public opinion correctly is an important criterion in deciding his ability to take up leadership responsibilities.

To achieve the great strategic objective put forward by the 17th Party Congress, we should work hard to create a positive climate conducive to supervision by public opinion and mass criticism. Certainly, criticism should be factually correct and analytically sound, it must not be groundless accusations or exaggerations. We should respect a person's right to answer criticisms as well as the right of the masses to make criticisms, while people should be given a chance to make legitimate criticisms, an individual who is the target of an incorrect public criticism should also be given an opportunity to publicly defend himself and correct the criticism. We must create this kind of positive critical climate through continuous criticism and supervision by public opinion.

12581

FINANCE, BANKING

Construction Bank To Operate Internationally

HK250927 Beijing CHINA DAILY in English
25 Mar 88 p 2

[By staff reporter Qi Hongmin]

[Text] The People's Construction Bank of China (PCBC) yesterday announced its intention to start operating internationally to help facilitate the nation's economic reforms and open policy.

The State Administration of Exchange Control recently approved the PCBC's plans to handle foreign exchange accounts and raise funds on the overseas money markets to provide multi-financial services for the realization of China's economic development strategy in coastal areas.

According to an official from the international department of PCBC, international business will begin in May; Branch banks of PCBC in coastal areas will also handle international business.

Construction projects—including those that involve processing with imported materials, samples, and parts—along with joint ventures, cooperative ventures and solely foreign-owned enterprises will be eligible for PCBC's foreign exchange and renminbi (RMB) loans.

With its head office in Beijing, the Construction Bank is China's largest bank dealing with construction projects.

But under its former division system, the official said, PCBC could deal only with domestic business, which can hardly serve the increasing number of construction projects in the coastal areas, which involve not only RMB but also foreign exchange loans.

The operation of the newly-opened international department of PCBC will end the situation in which applicants had to go to PCBC for RMB loans and to the Bank of China for foreign exchange loans.

Wang Baoya, a manager from the international department, said PCBC will also handle export credit on behalf of foreign governments and international financial organizations.

If possible, Wang said, the bank will soon handle accounts for foreign firms in China and provide foreign exchange guarantees and consultation services.

With the help of Bank of China, PCBC has already taken steps to train its employees in buying and selling foreign exchange, Wang said. In the past this was the special domain of the Bank of China.

With the changes, more competition will be introduced into China's banking system, thus improving efficiency and speeding up the construction process.

The bank has strengthened its links with big foreign banks and set up long-term cooperation pacts with more than 20 foreign banks.

And the first business cooperation agreement with the National Bank of Australia was signed this month, PCBC's first such arrangement with a foreign bank.

Problems, Solutions in Financial Reform Viewed

40060157 Hong Kong CHING-CHI TAO-PAO

[ECONOMIC REPORTER] in Chinese

No 7, 8 Feb 88 pp 24-25

[Article by Cui Yang [1508 2254], special correspondent: "Problems and Their Solutions in the Restructuring of China's Financial Administration"]

[Text] China's financial reform since 1979 has centered primarily around such areas as the establishment of a central banking system, the creation and development of financial markets and the transformation of specialized banks into enterprises. During the same period, we have also restructured interest rates, developed a variety of financial institutions and initiated new banking operations. Thus far, we have already established a central banking system and created a socialist financial system that is led by the central bank, that is comprised primarily of state banks and in which different types of financial institutions coexist and work together. Once we developed financial markets, we took the first steps toward the creation of an interregional, multitiered credit network rooted in central urban areas. And we have reformed the operational procedures of basic-level specialized banks and are establishing, in accordance with the principle of integrating responsibility, authority and returns, a variety of economic responsibility and contract systems. Nevertheless, the problems we have encountered in this effort are more numerous and complex than anticipated. Thus reform has reached a difficult stage.

The Difficulties in Reform

I. The central bank has yet to find an effective way of controlling the money supply and of maintaining currency stability. In each of the past several years, we have failed to extirpate inflation caused by issue of money for noneconomic reasons. The principal reasons for this failure are as follows.

1. The central bank has not been able to formulate monetary policy independently and thus has failed to restrain growth in the supply of money. Financial policy is devised entirely in accordance with the needs of economic development; economic policy determines the general state of the national economy; and financial policy is a component of and is conditioned by economic policy.

2. Government bank overdrafts for to meet budgetary needs have expanded aggregate demand for capital and weakened the control of the central bank over aggregate money supply.

II. The Transformation of Specialized Banks into Enterprises Has Proved Very Difficult

Many economic relationships have not been rectified, and this has made it difficult to run specialized banks as enterprises.

1. The relationship between banks and government fiscal practices. Specialized banks still employ administrative budgetary control in their operations. Under this practice, the wages and salaries of their employees cannot be linked, as in the case of industrial and commercial enterprises, to the amount of taxes the banks remit to higher levels. Consequently, bank employees have not received appropriate compensation for the work with which they are overburdened, do not obtain extra pay for extra work and thus, at the basic level, lack motivation and vigor.

2. The relationship between specialized banks and People's Banks. After the central banking system was set up in 1984, specialized banks assumed many administrative functions, which led to a serious overlapping of enterprise and administration.

3. The relationship between specialized banks and enterprises. China's industrial and commercial enterprises, especially state firms, assume many social functions and must care for their employees who have births, die, leave orphans or are old, infirm, widowed or childless. China has yet to establish a social security system, and a whole series of social problems would arise if an enterprise were to go bankrupt. Thus we have had little choice but to grant "preservation and unity loans" to enterprises showing poor returns or false profits and real losses. That is how we started distributing circulating fund loans.

4. The relationship between specialized banks and administrative agencies at all levels. Political restructuring has only recently gotten under way, serious overlapping of party and administration and administration and enterprise persists, and governments at all levels, seeking to stimulate local economies and reduce unemployment, have asserted too much vertical control over specialized banks, relegating to a large degree basic-level banks to the position of administrative appendages.

In addition, due to the lingering effects of highly centralized planned economy, the internal operations of specialized banks are still in the midst of changing from the old system to the new, remain very bureaucratic and will require further restructuring and gradual improvement.

III. Financial Markets Await Development

In the past, the central bank possessed only one channel of macroscopic control over enterprises—the central bank = specialized banks = enterprises. Because specialized banks still do not function as enterprises, this channel remains inflexible and unresponsive. To remedy the defects of this system, China must vigorously develop financial markets in order to open a new channel flowing from the central bank through these markets to enterprises, fully exploit the market mechanism, and focus on economic measures to effect indirect control over enterprises—by having the state regulate markets and markets guide enterprises. At present, the following factors impede development of financial markets.

1. Intersectoral and interregional barriers dismember the market. Interbank short-term lending forms a major component of China's financial market and, in general, is very prevalent, frequent and large in volume. Nevertheless, market fragmentation persists.

2. The inability of industrial and commercial enterprises to participate in direct transactions of capital has depressed financial markets. Since capital supply is tight, specialized banks are competing to attract deposits so as to expand lending. The exclusion of industrial and commercial enterprises, who are both consumers and suppliers of capital, has made China's financial markets the sole province of state financial institutions.

3. Intermediary financial-market institutions have not been established. China has no independent securities firms, stocks and securities are issued by the state on behalf of enterprises, and thus we have failed to enable firms to compete on an equal footing.

Directions for Reform

I. Strengthen and Gradually Perfect the Central Bank's Macroscopic Control

1. We must ensure the relative independence of the central bank. This criterion is a prerequisite for our efforts to control money supply and to maintain currency stability. Achievement of this desideratum would be signified by the bank's ability, with little or no interference, independently to set monetary policy and to determine money supply. We should make the issuance of money a separate, major indicator among national economic indices and ensure that this matter is submitted to the Standing Committee of the NPC for discussion and approval, that the NPC's decisions on this matter are not arbitrarily changed, and that the main office of the central bank be made responsible to the NPC Standing Committee. We must strengthen the central bank's regulatory control and make monetary policy our principal tool for dampening inflation and stabilizing prices. And we should promulgate the draft laws governing central and specialized banks as quickly as possible and use legislation to protect the independence of the central bank and to ensure that the status and authority of the bank are not infringed.

2. We must strictly prohibit government overdrafts on and loans from banks. To cover its deficits, the government instead should sell bonds to the public. And we should completely prohibit forced sales of bonds to state banks and other financial institutions by administrative and fiscal units at all levels.

3. We must alter the central bank's practice of establishing branch banks mirroring administrative hierarchies down to the county level. To minimize restraints imposed by various administrative levels on the bank, we must establish central bank agencies by economic region. The first bank branch level should be established in megacities possessing especially large hinterlands. The second level should be set up in large cities having large hinterlands. And below this level, we might consider establishing banks to implement financial policy and to engage in actual loan operations.

II. Gradually Promote Enterprise-Style Management of Specialized Banks

Conditions are not yet ripe for running China's specialized banks as enterprises. In view of these banks' internal limitations, the banks should be transformed into enterprises progressively, step by small step, as follows.

1. We must begin by transforming specialized banks into quasi-enterprises and gradually improve the banks' operational procedures. These initial reforms should involve the following major areas. The banks should effect responsibility systems for and secure the authoritative centrality of their presidents; establish flexible and effective fund processing procedures and fulfill the banks' proper roles as centers of society's capital markets; establish financial cost management systems and effect gradual transition from administrative budgetary control to cost accounting; establish rational systems of compensation for bank employees so as to give basic-level workers more incentive; and institute terms of office for bank presidents, link target responsibility systems to these terms of office, initiate responsibility systems for all operational departments, and gradually effect management by objective and responsibility networks in internal operations.

2. Next, we must separate government administration and enterprises and transform specialized banks into pure financial enterprises. The primary task of this stage is to transform specialized banks from agencies performing the dual functions of implementing government policy and of engaging in business operations into enterprises that are purely business in nature. We must fundamentally eliminate government interference in enterprise operations, which interference still persists in specialized banks. And if the banks are to become true financial enterprises, they should in principle be granted the same access to human, financial and material resources as large and medium enterprises.

3. The last step we must take is to transform specialized banks into financial enterprises that are run autonomously, that bear full responsibility for all profits, losses and risk, and that can grow and develop on their own. Three external conditions must be realized to accomplish this step. First, China must make major breakthroughs in her political reforms, and vertical government constraints on banks must be minimized before the banks can operate independently. Second, the short-term behavior of industrial and commercial enterprises must be regulated if these units are to become independent in production and marketing operations. Third, we must take the first steps toward establishment of a social security system that can care for the unemployed so that bankruptcy among state enterprises can become a real possibility, and we must lay the groundwork for the fundamental elimination of the practice of indiscriminate distribution of circulating fund loans.

III. Develop and Guide Financial Markets

1. We must develop short-term interbank lending. This activity comprises a major component of China's financial markets. And developing this lending and thereby adjusting fund surpluses and shortages among financial institutions will help improve the ability of these institutions to supply their own capital. We must integrate visible and invisible markets, with the latter predominating, into a single market system. And we should vigorously develop financial networks that are grounded in central urban areas and that span region and administrative system, and gradually create regional financial centers.

2. We must encourage enterprises to turn to markets to raise capital. While ensuring the ability of the state to control the aggregate volume of security issues, we must encourage Class A industrial and commercial enterprises that enjoy good economic returns and that have high credit ratings raise funds openly from the public by floating short-, medium- and long-term bonds.

3. We must gradually establish securities and short-term capital firms and enterprise credit-rating institutions in central urban areas so as to develop and improve financial markets. The central bank should provide a certain amount of capital to assist securities and short-term capital firms that serve financial markets. And we should vigorously explore ways to establish institutions managing pension funds, life insurance and other contractual savings programs so as to raise stable long-term funds.

4. We must use economic, legal and administrative measures to strengthen control of financial markets.

FOREIGN TRADE, INVESTMENT

Editorial on Effectively Running Existing Sino-Foreign Joint-Ventures

40060177 Beijing GUOJI SHANGBAO in Chinese
2 Feb 88 p 1

[Text] Currently, in the course of adjusting their industrial structures, some developed countries are shifting the production of labor-intensive goods onto countries where the cost of labor is low. This provides an excellent opportunity for China's coastal regions in their development of an externally-oriented economy. Developing an externally-oriented economy involves attracting and making use of foreign funds with an emphasis on attracting direct foreign investment; and the key to attracting foreign capital lies in improving the investment climate.

When it comes to implementing general and specific policies of opening up to the outside world, China has distinct advantages in such areas as labor costs and the quality of personnel. These advantages should attract foreign investment. However, work-related problems have offset these advantages, greatly diminishing these attractions. Over the past few years, there has been much talk about the need to improve the investment climate, and both central and local level authorities have adopted various measures to do so. While the situation has improved and many enterprises have been run very successfully, we are far from being able to strongly attract foreign investment. Currently, the investment market is extremely competitive. If investing in China is found to be both difficult and unprofitable, investment funds will naturally flow towards more lucrative areas. Therefore, in order to attract foreign investment, we must have a sense for the competition and do our best to improve the investment climate. This is an important issue for realizing China's economic development strategy.

If we truly want to attract foreign businessmen to China and improve the investment climate, the key will lie in effectively running the three kinds of enterprises involving foreign investment that have already been established, resolving their existing problems one by one and thus creating a favorable business climate for the development of foreign-funded enterprises. China has already approved over 10,000 enterprises involving foreign investment, with the majority of them located in Guangdong, and not more than several dozen or several hundred in other provinces and cities. So long as we are resolute, resolving their problems should not be very difficult. Nothing is more important or more effective than doing a good job in this. If we continue to run these 3 kinds of enterprises involving foreign investment poorly and engage in empty talk about improving the investment environment, it will be mere rhetoric, and foreign businessmen will continue to harbor doubts.

The 22 articles and sets of regulations promulgated by the State Council should resolve the majority of problems encountered by foreign-funded enterprises but have

encountered obstacles during implementation and still have not been completely implemented. As a result, it is recommended that each locality inspect their own foreign-funded enterprises in accordance with the national regulations in order to help them resolve their problems. In particular we must heed the viewpoints of foreign businessmen and managers. All problems that conform with the regulations must be resolved immediately or as quickly as possible. Those problems that temporarily cannot be resolved must still be clearly addressed. Of course, it is a different matter if the problems in an enterprise stem solely from the foreign partners side. We, however, should do our utmost to clear things up.

In terms of improving the investment climate, some people in the past have paid more emphasis on construction of basic facilities, and not enough on the 'soft environment' [intangible conditions of the business climate]. This, in addition to adding layers of bureaucratic redtape has cancelled out any advantages that we may have had in attracting foreign investment. Currently, we should have a sense of urgency and with a spirit of reform, work hard to make it possible for foreign businessmen to run corporations in China in accordance with international practices. This paper wants to spread the news both at home and abroad as to which areas have successfully resolved the problems of concerning their three kinds of enterprises involving foreign investment and have achieved results, satisfying foreign businessmen and benefitting both sides. This would ensure that measures to improve the investment environment are really carried out and not mere spoken word or printed words.

Shaanxi Ranks 10th Nationwide in Machinery, Electronics Exports

40060178 Xi'an SHAANXI RIBAO in Chinese
21 Feb 88 p 1

[Text] In an effort to promote the development of its machinery and electronics industry, Shaanxi has significantly expanded its machinery and electronics exports. In 1987, the total volume of independently-run machinery and electronics exports produced by the province's 13 foreign trade and industrial and trade corporations totalled \$48.018 million, 1.4 times the annual plan figure, and a 2.2 fold increase over 1986. Counting the products that were exported outside the province, in 1987 Shaanxi's machinery and electronics exports were valued at \$90 million, thus ranking it 10th nationwide.

Last year, the characteristics of Shaanxi's machinery and electronics exports produced by independently-run corporations were: 1. Initial steps have been taken to produce 10 key export products unique to Shaanxi such as televisions, battery cells, industrial sewing machines, complete sets of equipment, insulation materials, enamel, electrical machinery, and machine tools. Each of these products accounted for over \$1 million in export earnings. 2. There was a marked increase in newly developed export products, of which there were over 20 kinds. 3.

There was an increase in the volume of exports produced by independently-operated corporations. Of the overall machinery and electronics products exported in 1986, the proportion produced by the province's independently-operated corporations was 32 percent, and it increased to 53 percent in 1987. 4. There was a large increase in technology-intensive machinery and electronics products which last year reached 62 percent. 5. An expansion of export markets. Aside from the traditional Hong Kong/Macao and Southeast Asian markets, sales were expanded to North America and Western Europe.

KYODO Reports Sichuan Province Emphasizing Trade

OW281439 Tokyo KYODO in English
0828 GMT 28 Mar 88

[Article by Gary Ephraim: "Sichuan Leadership Shuffle Puts New Focus on Trade"]

[Text] Chengdu, China, March 28 KYODO—A politicalshakeup in Sichuan Province has brought a new emphasis on foreign trade to the region, the remote home of some of China's top leaders.

The mountainous region, famous for its market-oriented agricultural system and its 100 million people has a new governor and vice governor extending fresh commercial feelers to the West.

They have earmarked light industrial goods like silk and textiles for the biggest export push. Natural gas from Sichuan's ample reserves is also a possible export commodity.

Their goal is a tough one, given Sichuan's poor transportation system, foreign businessmen say.

But the new bosses are tough also, with the governor respected by foreign businessmen and officials for his pro-trade track record while in Beijing.

Zhang Haoruo, formerly vice minister for foreign economic relations and trade in Beijing, unexpectedly became Sichuan's governor in January 1988.

He replaced Jiang Minkuan, a trained steelmaker who moved quietly from the provincial capital of Chengdu to an obscure commission in the nation's capital.

Elevated to vice governor was Jin Hongsheng, former chief of the foreign economic relations and trade commission of the province.

The new leaders lost no time in explaining their trade focus to a delegation of American business and government officials from Beijing, which toured Sichuan in early March.

The group was drawn from the U.S. embassy and aviation firms Boeing and Textron, Westinghouse and Joy-Eclair Technologies from the energy sector, retailer Sears Roebuck and communications giant American Telephone and Telegraph.

The Chinese told the delegation they want to see a major boost in Sichuan's ranking of 17th in value of foreign trade among China's 29 provinces and autonomous areas, a delegation member said.

Governor Zhang also wants Sichuan to achieve a standing in trade commensurate with its rank as China's third highest industrial and agricultural producer, the member said.

Liaoning Province and the industrial powerhouse city of Shanghai rank first and second.

Total, two-way foreign trade for Sichuan was about 1 billion U.S. dollars in 1987, a year in which China's total import-export trade was worth some 83 billion dollars, according to the Chinese.

In contrast, the value of the province's industrial and agricultural output last year was 30 billion dollars, over 10 percent more than 1986, according to provincial statistics.

A move is under way to send a delegation from Sichuan's Economic Planning Commission to the United States to discuss trade. American officials take the overture seriously.

"They're obviously committed to increasing their trade figures," said Richard L. Johnson, Jr., commercial counselor at the U.S. Embassy Beijing, after meetings with the new governor.

Foreign residents of Chengdu applaud Sichuan's potential but add that realizing it will take massive development to test the political clout of the provincial "favorite sons" now in Beijing.

The "old boys" include paramount leader Deng Xiaoping and Defense Minister Zhang Aiping, who were born here.

Party chief Zhao Ziyang was secretary of the provincial Communist Party when he kicked off Sichuan's successful agricultural reforms in 1979. Acting Premier Li Peng was also a minor official here some 35 years ago.

Taken together, they comprise a group of "strong men who will promote big projects" and champion a "perfectly changed situation here," says a Japanese businessman familiar with Sichuan.

The political connections should make it easier for Sichuan "to get special rights from the central government to obtain foreign currency" needed to pay for industrial and infrastructure expansion, he says.

The biggest problem is connecting the province to China's port cities via a better rail and road system, he adds.

Sichuan is well known for its hard-to-reach location in southwest China. Widely acknowledged transportation bottlenecks and energy shortages are key problems cited by foreigners and readily admitted by the new leadership.

"I don't think there's enough money in the world" to turn Sichuan into the kind of trading hub its leaders envision, says a western resident of Chengdu.

LABOR

Laborers From Rural Areas Build Cities

HK280206 Beijing CHINA DAILY in English
28 Mar 88 p 3

[Text] About 5 million farmers have moved into China's cities to work on construction teams, and their number now accounts for about half of the country's total construction workers.

Since 1983, when the State began to encourage rural surplus labourers to engage in urban as well as rural housing construction, an estimated 8.5 million farmers have organized themselves into construction teams.

Most of the teams work in urban areas on contracted construction projects or for State-run construction companies, the CONSTRUCTION NEWS reported.

In densely-populated provinces such as Henan, Shandong, Sichuan and Hebei, the number of rural labourers in construction businesses has exceeded 1 million, the paper said.

These construction teams from rural areas have not only helped a lot in urban capital construction but also earned large incomes for their rural home areas.

In 1986, for instance, rural construction teams made a total of 29.83 billion yuan from their construction labour services, compared with 5.26 billion yuan in 1981.

In Sichuan Province, farmers sent to other parts of the country as construction teams bring back more than 800 million yuan each year, the paper said.

Their services have not only promoted urban construction but also helped their own home villages get better-off with their incomes, the paper reported.

To improve the technical qualifications and management skills of rural construction teams, the Ministry of Construction has established two national training centres, where more than 420,000 farmers have been trained in housing construction, design and management.

A licensing system has also been initiated in recent years to ensure construction quality and safety of rural construction teams, the paper said. After a recent national inspection, more than 50,000 rural construction teams were approved for licenses to work in urban construction.

According to a report of the Ministry of Construction, China's construction industry has been restructured with the rapid expansion of rural construction teams in the past few years. State construction workers now account for only about 30 percent of the country's total labour force in housing construction, compared with 54 percent in 1983.

Urban collectively-owned construction companies and rural construction teams have been growing in strength, with their total employees now accounting for about 20 and 50 percent, respectively, of the country's total.

The number of private construction businesses has also increased to more than 50,000, with over 32,000 employees, the report said.

In the past five years, the ministry said, reforms in China's construction industry based on the contract responsibility and open bidding system have helped step up the country's housing construction.

PUBLICATIONS

Dictionary of Labor Management Published

OW231413 Beijing XINHUA in English
1332 GMT 23 Mar 88

[Text] Chengdu, March 22 (XINHUA)—China's first dictionary on the management of labor and personnel has been published by the Sichuan Science and Technology Press.

Compiled by the Sichuan Department of Labor and Personnel, the 760,000-word dictionary contains 1,907 entries divided into 16 categories.

The chief editors of the work were Zhangjin, head of the Sichuan Department of Labor and Personnel, and Professor Zhao Lukuan, vice-president of the Chinese Association of Labor and president of the Labor and Personnel Institute attached to People's University of China.

The dictionary will be shown at a Sichuan books exhibition in Hong Kong this July. The State Economic Commission also will send a copy to the United Nations library.

AGRICULTURE

Anhui Tea Output

40060180b Hefei ANHUI RIBAO in Chinese
30 Jan 88 p 1

[Excerpt] In 1987, tea output in Anhui Province exceeded 1,004,000 dan, a 7 percent increase over 1986.

Hebei Peasant Income

40060180a Shijiazhuang HEBEI RIBAO in Chinese
7 Feb 88 p 2

[Excerpt] According to a survey of 4,200 rural households in 42 counties in Hebei Province, the per capita gross income of peasants in 1987 was 535.63 yuan, an 11.9 percent increase over 1986; per capita cash income was 249.67 yuan, a 13.74 percent increase over 1986. At the end of 1987, per capita savings and cash on hand was 250.61 yuan, a 25.4 percent over 1986.

NORTH REGION

Hebei Promotes 'Full-load' Operations

40050109a Beijing RENMIN RIBAO in Chinese
5 Feb 88 p 1

[Article by Yang Zhenwu [2799 2182 2976] and Chen Guoqi [7115 0948 3824]: "Hebei Decides To Promote 'Full-load' Operation"]

[Text] Hebei Provincial CPC Committee decided to popularize "full-load" operation at a TV broadcasting meeting held this afternoon. At the same time, Hebei People's Provincial Government awarded Zhang Xin-grang [1728 5281 6245], director of Shijiazhuang No 1 Plastics Plant, and inventor of the "full-load" method, the title of special model worker and a 10,000-yuan cash prize.

The provincial party committee held that the spectacle of enterprises operating under capacity is quite common in the province and that the means of production had not yielded optimal result. That is why after adopting the system of responsibility for business operation among the enterprises, introduction of "full-load" operation is highly significant in strengthening the enterprises' management and making the best use of the responsibility system. The provincial party committee accordingly made the following decisions: 1) All enterprises, especially the large and medium-size enterprises in the province, must surmount their mental hurdles and learn to use the "full-load" operation method perseveringly and extensively. 2) Every enterprise must evaluate itself by the "full-load" standards, take note of its own shortcomings one by one, and set up its own full-load objective along with corresponding systems of checking and guaranteeing its success. 3) All enterprises must coordinate the popularization of the "full-load" operation method with their various reforms so that the effects of individual reforms may combine to benefit the enterprise as an entity. This method will accelerate the transformation of the enterprise's operation from an extensive to an intensive one. 4) The "full-load" method should be used creatively under different conditions and in different enterprises. Those enterprises which have been under poor management for a long time should concentrate their efforts on the consolidation of basic management, while those whose management has been fairly good should make an all-out effort for the systematic promotion of this work method.

The provincial party committee also called on the party organs, government organs, and administrative establishments at all levels to set the objectives and work out the required measures in accordance with the basic ideas and substance of "full-load" operation in order to improve their work style, increase their efficiency,

ensure work quality, and thus create favorable external conditions for the popularization of "full-load" operations among the enterprises.

According to information received, Hebei Provincial Party Committee has designated Shijiazhuang as an experimental city in linking payroll with economic results and in the all-around promotion of "full-load" operations.

9411

Qinhuangdao City Rejuvenates Cadre Ranks

40050109b Beijing RENMIN RIBAO in Chinese
6 Feb 88 p 4

[Article by Wang Yulu [3769 5940 6922] and Wang Shouben [3769 1343 2609]: "More than 1,200 Cadres Automatically Retired"]

[Text] Qinhuangdao City of Hebei Province is strictly enforcing the system of cadres' retirement. Since 1 January this year, more than 1,200 cadres have been automatically retired.

In the past several years, many units in this city did not strictly abide by the rules of retirement for cadres. Some cadres have long passed their retirement age, but still refused to go through the retirement formalities, simply because they want to continue drawing their wages instead of reducing their income. Some of them, already over 70, are physically unfit and have frequent ailments. Yet they refuse to retire. According to statistics, there are more than 1,200 cadres of this type in the city. Although still in the personnel roster, most of them are no longer capable of performing their regular duties. They are always late for work, and even during working hours, they only sip tea and read newspapers. But they go off early with a basket in hand to do shopping for dinner at home. Worse still, some of them would simply stay at home all the time for rest or household chores. If the government cadres do not retire as they should, how shall we deal with the over-age workers of enterprises and establishments?

To solve this problem, the city party committee and the city government have unequivocally ruled that except for those whose retirement has been temporarily postponed because of work requirements as approved by the proper authorities, all persons of retirement age must proceed with the retirement formalities. Should anyone put off these formalities under certain excuse, his service would be automatically terminated as of 1 January, and all his remunerations (including his wages after that date) will be out of his retirement benefits according to regulations.

After the announcement of this ruling, many cadres and workers said: Rules and regulations must be strictly enforced. This action should have been taken long ago!

9411

Poll: Social Elite's Views on Post-Chiang Political Development

40050131b Taipei TZULI WANPAO in Chinese
26 Jan 88 p 2

[Text] According to an opinion poll by the HSIN HSIN-WEN [THE JOURNALIST] weekly among 225 "prominent citizens," about 70 percent believe that at the present juncture the president of the Republic of China, Mr Lee Teng-hui [2621 4098 6540], should concurrently assume the post of chairman of the ruling party.

Among those who responded in favor of Lee Teng-hui assuming chairmanship of the party, 32 percent expressed the opinion that this would be the only way for the president to have actual decision-making authority, and 29 percent thought that this would spur on the reform of the KMT.

The respondents to 70 percent regard Lee Teng-hui as a "steady and moderate reformer." When policies will have to be implemented, the problem that respondents (38 percent) are most concerned about is obstruction by the conservative wing of the party.

However, only 9 percent of respondents believe "military circles" could obstruct Lee Teng-hui's execution of powers, and 80 percent indicated that a military dictatorship is "impossible" on Taiwan. They unanimously believe that "social pressure" and "the sound system of the state's organization" will have the military play a role that will enable them to maintain neutrality.

Targets of the present opinion poll comprised 60 persons each from among parliamentarians, from industrial, commercial, and banking circles, and from academic circles, 30 lawyers, and 15 journalists. A total of 151 valid samples were received.

9808

Analysis of 'Newly Emerging Social Movements'

40050131a Taipei TZULI WANPAO in Chinese
3 Feb 88 p 3

[Article by Hsiao Hsin-huang [5618 2450 3552], research fellow at the Institute of Ethnology, Academia Sinica, and professor at the National Taiwan University: "Social Power of the People and Newly Emerging Social Movements"]

[Excerpts] Without the slightest doubt, the social power which has emerged on Taiwan in recent years is a kind of "backlash" from the long period of suppression by political power. The significance of this social power can therefore only be more prominently shown by viewing it in a waning-waxing relationship to political and economic power. Viewed under this aspect, we may well say that the 1980's have become era of emerging social power. However, this is not to say that political and economic powers have gradually declined to zero, but it

merely means that the three are in a constant state of mutual agitation and stimulation, and that social power at this moment has gained a preponderant and relatively independent position. Along this line, we may furthermore state that the concept "society of the people," which has been popular for a while in recent years, only signifies a "backlash" of social power "of the people" directed against the excessive controls by political power in the past. That this "society of the people" could materialize at all is again more or less due to the "economic power" stimulated by developing capitalism. In other words, there is here again a "linkage" between the "society of the people" and the "economic power" under the capitalist system. This will explain why certain newly emerging social movements, representative of social power, show a decidedly middle class coloring.

That does not mean that there is a uniformity of "class" in the social power of the society of the people, or that one could assume overoptimistically that with the appearance of a society of the people a new "supra-classes" power source has come into being, to oppose political power. Actually, though many of the 14 social movements that we mention were set in motion mainly by the middle class, quite a few were promoted by members of "non-middle classes," appealing for support of those movements. In view of the degree to which Taiwan's social class structure has been developed up to the present stage, even social movements launched by certain social classes have indeed never brought out any mutual class contradictions or conflicts. The reason for this is that these social movements up to now have all in unison directed their spearheads against the crooked forces operating in league with the political and economic powers, and that these movements have not focused demands on conflicts and contradictions between classes. Note at the same time that Taiwan has after all not yet reached a stage of maturity in its class structure. It is still a "society with class distinctions," but not a "class society." However, what we should bear in mind is that once Taiwan's class structure will have developed to a fairly mature stage, or will have grown to full dimensions, there is no guarantee that future social movements will not deal with contradictions "between classes."

Under present conditions, the social power of the people, as it is displayed in social movements, therefore shows a unison in its fight against political power that is indeed much stronger than any divisiveness among its own ranks. This explains why in their tactics of mobilizing for action the social movements of recent years in unison target their "protests," "pleas," and "demands," against state or government authority, and much less against "society" (different classes) as targets of struggle. Taking 1987 as example, as soon as the various social movements began their petitioning, they all targeted on organs of the central government and the Legislative Yuan, demanding that public authority intervene or change public policy. Even if "unfair" acts by another class are

involved, they will in most cases demand that state authority intervene as "mediator." They will seldom direct struggle activities directly against another class or social group.

Moreover, most frequently, petitions initiated by the populace are directed to the Legislative Yuan. Out of 68 petitions addressed by the populace to the Legislative Yuan, 14 had evidently been of political nature, while the topics of the remaining 54 petition drives had a decidedly social character. For this reason, I believe as a matter of principle that the social power of the people, which is now being displayed, does not yet show a clear "inter-class" struggle character. Its struggle and demands are still targeted against the state. In other words, the things that social movements want changed most are acts performed pursuant to public policies of the state, and not the customary acts of antagonistic classes.

However, if we carefully analyze the 14 social movements that have newly emerged and can now be observed in Taiwan society, we may still detect among them certain instances where elements of class differences had influenced the operational modus and effects of the movements. For instance, whenever members of the middle class are nuclei of social movements, resources for internal use or for mobilizing for action (such as financial resources, knowledge, leadership ability, canvassing capability, pamphleteering ability, etc.) are much superior and more powerful than what is available to the much weaker "non-middle classes" (such as workers, small peasants, physically disabled, original inhabitants, women, veterans...). Of the former type of movements, there are consumer movements, movements for the protection of the ecology, for human rights of teachers, for autonomy of universities, etc. Of the latter type, there

are movements for human rights of original inhabitants, labor movements, protest movements of fruit growers, movement of veterans wishing to return home, veterans welfare self-help movements, antipollution self-help movements, certain demands of the women's movement, protest movements of Christian churches, etc. Tactics used in social movements of the middle class have, therefore, always primarily been canvassing by written or spoken word, and in social movements of the other weaker groups, direct protest actions by means of "body talk."

As to the effectiveness of movements, class nature of the different social movements, initiated by different classes, has frequently determined the degree of impact of a movement in question on society. Generally speaking, the so-called impact on society refers to the strength of the "threat" which a certain movement can create to the normal operations of society. Generally speaking, social movements of the middle class exert comparatively little disruptive or destructive effect on the operations of society, while sometimes groups at medium or lower levels of weakness, once they get up a social movement, can often quite easily create a threat to social instability.

The following table groups whatever newly emerging social movements could be observed according to the two aspects of "mobilization of internal resources" and "impact on society" and thus produces four categories.

These four categories of social movements are shown separately as I, II, III, and IV. The data of the table reveal that categories I and III are mainly movements organized by members of weaker groups and of weaker demand targets, while categories II and IV are organized by the stronger middle class, but category IV has not yet appeared among the present newly emerging social movements.

Grouping Taiwan's Newly Emerging Social Movements

		Capacity for Mobilizing Internal Resources	
		Low	High
Degree of Outward Social Impact	Low	I. Human Rights of Original Inhabitants Movement, Disabled & Welfare Protest Movement by Weaker Groups, Protest Movement by Fruit Growers, Movement Against Political Suppression of Human Rights, Women's Movement	III. Antipollution Self-Help Movement, Workers Movement, Returning Veterans' Movement, Veterans' Welfare Self-Help Movement, Protest Movements by Christian Churches
	High	II. Consumers' Movement, Ecology Protection, Teachers' Human Rights Movement, University Autonomy Movement	IV. [NONE]

These four categories of social movements also display different effectiveness of social power. We may say that those in category I are weakest in power, and those in category IV are the strongest in the power they can bring to bear. Because those in category I lack internal resources, their impact on the outer society is also small. In addition to possessing abundant internal resources that

can be mobilized, those in category IV can also exert strong threats on society. As to categories II and III, their conditions are sometimes strong and sometimes weak, but they show similarity in the social power they can display. Because of their fairly abundant internal resources, social movements of category II, although unable to generate immediate social impact, show

persistence in their movements and have the vitality for "self-regeneration" of their movements. That means, these types of social movements are frequently able to mobilize their internal resources for extensions of their movements, and thus in the long run to gain recognition from state authority. Social movements of category III, although lacking internal resources for mobilization, can muster power for immediately apparent social threats and thus broaden the influence of their social power, thereby easily achieving immediate "state" reaction and recognition. The social movements of category II and III, therefore, have each their particular strong points. Although their show of social power cannot compare with that of category IV movements, it is still much stronger than that of category I movements. However, up to now no social movement in Taiwan society deserves to be grouped under category IV social movements. All 14 social movements belong to categories, I, II, and III.

If we compare the social movements of categories I, II, and III, those of category I are types that are most incapable of displaying social power. They are therefore also most urgently in need of support and recognition

from outside quarters. We may also say they are types of social movements that are most urgently in need of an immediate check of their strategy in order to raise their "public image." In other words, these type of social movements need much more than all other social movements the "sympathy" and "moral support" of a broad sector of society. Social movements of categories II and III, on the other hand, are not in such an urgent need of support and sympathy from outside quarters. They can mostly depend on their own resources to enable them to mobilize for action or to provide the strength for an impact that will achieve the objective of the demands put forward in their movements. Therefore, they do not need to be concerned about their image in society.

I believe using these two indices to classify the newly emerging social movements on Taiwan enables not only a better understanding of the social power that can be exerted by the different social movements, but can also enlighten us on the future tactics and methods that will be used by certain movements.

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